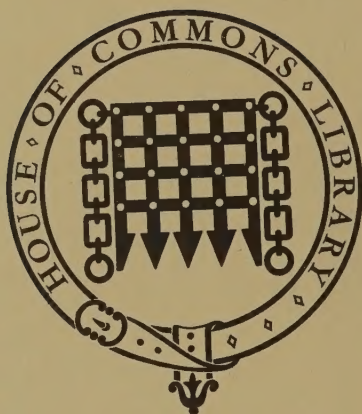




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THE LETTERS OF AN INDIVIDUALIST

By the same Author

"PROSPERITY & POLITICS"

"CONFESSIONS OF A CAPITALIST"

"IF I WERE A LABOUR LEADER"

THE LETTERS OF AN INDIVIDUALIST

to *The Times*

1921-1926

By ERNEST J. P. BENN

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THE LETTERS OF AN INDIVIDUALIST

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CHAPTER I

INTRODUCTION

THE CONFESSIONS OF A LETTER WRITER

THIS is the age of the Committee, in which it is generally regarded as improper for a man or woman to express an opinion unsupported by some "body" or "association," or when at least that sort of thing is not done. We have almost reached the stage when no man may do a piece of work until some union has decided the terms upon which he may do it, the quantity he may do and every other conceivable condition attaching to the job; when no business firm may take an order until some association has given a ruling on the price, the form, the market and every other detail of the transaction; when in fact our every act and word, whether commercial or domestic, public or private, requires its appropriate passport and visas, all obtained with the necessary amount of form filling and delay. Our thoughts are still our own, but even with them, the habit of relying upon some sort of authority is so highly developed among us that our minds are becoming standardized and initiative is on the wane.

In these circumstances the position of the individualist is not easy; he has no credentials that are recognized. In the nature of things he stands alone. There was a time when standing alone was regarded as something of a quality, now it is universally accepted as evidence of unrelia-

bility. Whenever any need arises for work, for food, for coal, for houses, or for anything else, the crowd declares that the Government must “do something.” The individualist points out that, from its very nature, the Government cannot *do* things, it can only *prevent* things being done. The crowd passes a resolution and appoints a committee and the individualist has to be content to wait for the crowd to learn, as far as any crowd ever learns, from bitter experience.

That this is not an exaggeration of the real position was shown very clearly when a number of individualists met at lunch the other day to hear an address from the veteran Sir Hugh Bell and were promptly dubbed “The Canute Society” by *The Manchester Guardian*. The gibe was as true as it was significant. The tide of collectivist inactivity is running hard, and Manchester, the home of *laissez faire*, is the first to sneer at the few who still remain faithful to the doctrines that made Manchester famous and the Empire great.

Individualism, or Anti-Statism as the Swiss call it, has no press. The leader writers of every current shade of opinion are at least unanimous in this—that the State must do something. Whether it be dole, pension, tariff, subsidy, or merely the “settlement” of a coal dispute, every newspaper calls for something to be done. Even the pulpit takes up the chorus and Agnostics and Christians join hands in fellowships, as if a fellowship could lay a brick or dig a potato.

Since no paper, let alone the Church, will preach Individualism, the only alternative is for the individualist to write to the press, a sorry business for two reasons. First, the press cannot publish one hundredth part of the letters that are sent to it, and second, the majority of the newspapers do not welcome to their columns views that do not accord with their own particular editorial policy.

There is, however, one outstanding exception. The correspondence columns of that great national institution, *The Times* newspaper, have always been open to receive all shades of opinion, and the hospitality of *The Times* would seem to be most generous when the views are those of a minority. That at least is my experience.

One cannot reach the masses through the columns of *The Times*, and some people seem to think that the opinion of the multitude really matters. I have never held that view. I do not blame a million miners for destroying their industry, I blame their leaders. But I blame still more definitely intellectual people in all walks of life, Bishops, University Professors and Politicians, for the encouragement that they give to miners' leaders to head for economic destruction. I have always argued that there is no danger in the Reds, but that it is the great mass of respectable Pinks who will drive the country to catastrophe. Through the columns of *The Times* it is possible to reach the Bishops, University Professors and the Politicians ; and so, through the columns of *The Times* it is possible even for an individualist

to take some share in the shaping of the destinies of the Nation.

A letter to *The Times* carries a great deal more weight than a speech in Parliament and like the M.P. who prepares many speeches that are never delivered, I write many letters that are never printed. Most of the letters that I have submitted to the Editor have been printed. Indeed, *The Times* has been extraordinarily generous to me in the use of its invaluable space, but the great majority of the letters that I write are not even submitted to the Editor. It happens about twice a week that some silly political "stunt" annoys me and I sit down to relieve my feelings with a letter to the Editor of *The Times*. The following morning this effusion finds its way to its spiritual home, the W.P.B. But now and again I write a letter that seems to me to be good. When this happens, the letter's road to the editorial box is first barred by my censor and secretary, Florence Robinson; and thanks to her sound judgment a good proportion of second class matter is consigned to the rubbish heap. The residue finds its way to Printing House Square.

In these "Confessions of a Letter Writer" one other little fact should, I think, be included. I have never had the pleasure of meeting the Editor of *The Times*, and I have never written a line of any kind at his invitation. Nor have I had any consultation or communication with him on the subject of my letters. They have been dropped into the editorial box, with the tons of other

matter of which it is the receptacle, and the fact that *The Times* has been so generous with them, is my only justification, and I think a sufficient one, for having them reprinted in this fashion.

Some of the letters deal with matters that have ceased to be of current interest, but the point of view that each expresses continues to be of vital importance. The Capital Levy, for instance, is for the moment off the political map. But the Capital Levy was merely an expression in detail of the larger fallacy of Socialism, and the arguments used against it are still of importance as applied to other forms of the same fallacy.

In the ideal state of affairs, no one would record a vote in an election until he or she had read the eleven volumes of Jeremy Bentham and the whole of the works of John Stuart Mill, Herbert Spencer, and Bastiat, as well as Morley's "Life of Cobden." But as the ideal state of affairs is still hard to reach, and in particular, as the modern habit is to read in snippets, it may be that these letters, expressing throughout one simple point of view, although dealing with many applications of it, may suit the reader who prefers small and intermittent doses of those heavy, sound and voluminous doctrines in which our fathers delighted, and on which the greatness of the Country and the Empire was built.

Economic Short Stories are not new. In his *Sophisms* the master Bastiat set a standard so high as to have discouraged others from attempting

the task. And yet in these days our economics, like everything else, must be presented in potted form to get a hearing or to find a reader. The chapter of Bastiat that I reproduce by way, as it were, of prologue to the letters, is by far the best example in literature of simplicity and shortness in economic thought.

When President Coolidge tells us that we lack "industry and character" he is not so polite as great rulers are apt to be to other nations, but unfortunately he is true. There was no such lack either of industry or character during the Victorian era, when the great philosophers whom I have named could claim to hold sway over public opinion. That was the era in which we made all the wealth that for a couple of generations we have done our best to squander, and when we see fit to return to its philosophy, and not before, shall we start again to build up "a plentiful subsistence for the people."

Therefore, I reprint these scrappy letters, as a further plea for a return to individualism, for a re-acceptance of the sturdy sense of personal responsibility which alone brought us out of barbarism into civilization.

They constitute a plea that we should save ourselves from the degradation of the idea that man has rights without responsibilities, and that we should cease from the disastrous sacrifice of everything that matters by the fostering of the false notion that the State Idol can give us a dispensation from the trouble of work.

CHAPTER II

PROLOGUE

CE QU'ON VOIT

ET

CE QU'ON NE VOIT PAS

OU

L'ÉCONOMIE POLITIQUE EN UNE LEÇON

(F. Bastiat — 1850)

Dans la sphère économique, un acte, une habitude, une institution, une loi n'engendrent pas seulement un effet, mais une série d'effets. De ces effets, le premier seul est immédiat ; il se manifeste simultanément avec sa cause, *on le voit*. Les autres ne se déroulent que successivement, *on ne les voit pas* ; heureux si on les *prévoit*.

Entre un mauvais et un bon économiste, voici toute la différence : l'un s'en tient à l'effet *visible* ; l'autre tient compte et de l'effet qu'on *voit* et de ceux qu'il faut *prévoir*.

Mais cette différence est énorme, car il arrive presque toujours que, lorsque la conséquence immédiate est favorable, les conséquences ultérieures sont funestes, et *vice versa*. D'où il suit que le mauvais économiste poursuit un petit bien actuel qui sera suivi d'un grand mal à venir, tandis que le vrai économiste poursuit un grand bien à venir, au risque d'un petit mal actuel.

Du reste, il en est ainsi en hygiène, en morale. Souvent, plus le premier fruit d'une habitude est

doux, plus les autres sont amers. Témoin : la débauche, la paresse, la prodigalité. Lors donc qu'un homme, frappé de l'effet *qu'on voit*, n'a pas encore appris à discerner ceux *qu'on ne voit pas*, il s'abandonne à des habitudes funestes, non-seulement par penchant, mais par calcul.

Ceci explique l'évolution fatalement douloureuse de l'humanité. L'ignorance entoure son berceau ; donc elle se détermine dans ses actes par leurs premières conséquences, les seules, à son origine, qu'elle puisse voir. Ce n'est qu'à la longue qu'elle apprend à tenir compte des autres. Deux maîtres, bien divers, lui enseignent cette leçon : l'expérience et la prévoyance. L'expérience régente efficacement mais brutalement. Elle nous instruit de tous les effets d'un acte en nous les faisant ressentir, et nous ne pouvons manquer de finir par savoir que le feu brûle, à force de nous brûler. A ce rude docteur, j'en voudrais, autant que possible, substituer un plus doux : la prévoyance. C'est pourquoi je rechercherai les conséquences de quelques phénomènes économiques, opposant à celles *qu'on voit* celles *qu'on ne voit pas*.

CHAPTER III
THE NATION'S WEALTH
ECONOMICS OF FREE INDUSTRY

Some Forgotten Laws

Five years ago, in 1921, six of us endeavoured to frame a short simple statement of economic truth and our joint effort was published in The Times of 15th December. The document has an added interest in that it was the first step in a public movement which has since produced The Individualist Bookshop.

To the Editor of *The Times*.

SIR,—Having regard to the supreme importance of a right understanding of economic matters at this juncture in our country's history, the following points, which seem sometimes to have been almost forgotten, may be helpful.

We live by exchange. Every one of us is occupied day by day in exchanging something we possess or some services we can render for the things or services of others. Every obstacle to free exchange is a charge on the community. The freer the exchange the higher the level of prosperity.

An article or a service is worth what it will fetch. Any attempt, whether by combines of capital or labour, or by superior authority or force or legislation, to impose an unnatural price defeats its own object. No power can force the buyer to buy so freely as the knowledge of a fair deal.

Saving is essential to life. We enjoy a harvest

because somebody had the wisdom to save part of last year's seed. Saved wealth multiplies, consumed wealth disappears. Every inducement should, therefore, be given to save.

Individualism is essential to wealth creation. Experience shows that the individual can only live by work or on past savings, a combination of the two methods producing the most satisfactory results. Collectivism dissipates and eventually destroys wealth. The community acting collectively seldom saves anything. Its tendency always is to mortgage the future and leave debts for following generations. This process, unless restricted within very moderate limits, is full of danger.

Full economic liberty is unattainable. As producers we must be slaves to ourselves as consumers, or else as consumers we must be slaves to ourselves as producers. The producer must wait in the market place to be hired or else the consumer must wait in queues to be rationed. We must be slaves in one capacity and masters in the other. By keeping our producer-selves in slavery we have raised the standard of living many hundreds per cent. By allowing our position as consumers to be subordinate to our position as producers we must retrace our steps and lower the standard of living.

The purpose of industry is to make and supply goods for the general enjoyment. The only test of its success is the market test, the free and unfettered judgment of all expressed individually through the machinery of buying and selling.

When the consumer ceases to be the first consideration with industry its true purpose is forgotten.

The arbitrary fixing of a price of anything, whether an hour's work or a pint of milk, tends to restrict both the demand for and the supply of that thing. Just as in nature the tide flows and ebbs alternately, so in economic affairs a natural price is always moving forwards and backwards. As a price "flows" producers are encouraged to come forward, and as a price "ebbs" buyers are attracted. In this way the maximum of activity is maintained and all parties benefit. Rigidity discourages producers and buyers alike, and thereby limits both supply and demand.

Every good citizen is anxious to serve his fellows, and in public discussion there is much talk of service. The only true measure of service through industry is the willingness of the served to accept it. In a free market every service offered is subject to the test of public opinion. Thus through capitalism and the higgling of the market we ensure to the community the best service.

Yours faithfully,

HUGH BELL.

RICHARD D. HOLT.

GEORGE LAMBERT.

W. RIPPER.

WALTER RUNCIMAN.

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

15th December, 1921.

Amongst other replies this manifesto elicited a letter from an old friend and fellow-worker for the cause of "Whitleyism," Mr. T. B. Johnston, in which, like the Socialists, he endeavoured to put the blame for the minor ills that remain to us, to the charge of the very remedies that had enabled us to escape from the still greater ills of past times. It is interesting and curious to notice the way in which all political parties welcome any bit of trouble and use it, generally without a shred of justification, as an illustration of the errors of parties to which they are opposed. Thus a poor man, the same poor man, is used by the Socialists to demonstrate the wickedness of Capitalism, by the Protectionists to prove the damage of Free Trade, and by the Free Traders to show the stupidity of politicians in general.

To the Editor of *The Times*.

SIR,—Mr. T. B. Johnston singles me out for special mention in his letter of the 21st, and I crave your permission to deal very briefly with two only of the several points upon which he touches.

If Mr. Johnston is prepared to measure the respective merits of Free Trade and Protection by the state of employment or the standard of living of different periods, he will be obliged to take note of the "hungry forties," and his "facts" will cut both ways. While I do not accept Mr. Johnston's interpretation of the facts, I would also point out that fundamental truths can be, and indeed often are, independent of the facts of the moment in

this imperfect world, and that this is especially the case with economic truths which are completely ignored or forgotten in most modern economic experiments. Even so, however, a discussion based on all the facts would be useful by way of illustration. For instance, these islands, which a century ago supported with difficulty some 8,000,000 souls in squalor and poverty, now support 47,000,000 in comparative comfort ; the reason being that in the main economic laws have been left to do their beneficent work free from such obstruction and interference as Mr. Johnston now advocates.

Mr. Johnston thinks it right to select isolated sentences from a speech of mine on America, and claim me as a Protectionist. It is surely unnecessary to point out that the western continent, being self-contained and self-sufficient, is almost proof against the ills that come from political interference with trade.

Yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

23rd December, 1921.

CHAPTER IV

LOANS TO FOREIGN COUNTRIES

The financial troubles through which the Continent has passed since the Great War have in every case been much enhanced by various forms of government interference with foreign monetary transactions. It is noticeable that wherever these evils have not been experienced there exist those, who, failing to profit from the example of other countries, would apply similarly dangerous methods to their own country. In this way there arises from time to time an outcry against loans to foreigners. The simple short-sighted argument is, that if we lend money to Australia, she should not be allowed to spend it in, say, Germany, but forced to spend it with us.

To the Editor of *The Times*.

SIR,—If Sir Peter Rylands is right, as I think he is, in saying that transactions between Great Britain and the rest of the world must balance, what benefit can arise from introducing a restrictive arrangement limiting the free choice of both buyers and sellers? Sir Peter appears to me to answer his own difficulty when he says:—

“It is contrary to experience for a man to be in a position to make a loan except as the result of previous transactions which left a balance in his hands. In the same way, we believe that the ability of a nation to lend presupposes a previous credit balance of trade, a process which I am confident explains the great development of our foreign investments during the past century.”

May I reduce this perfect statement of the

general proposition to a simple case in the following way :

Let A be an engineer, B be a cotton manufacturer, C a financier, and D a foreign buyer. If D has bought from A, thus providing a previous transaction to which Sir Peter refers, and anticipating a loan from C, how can conditions be attached to that loan requiring D to make a further purchase from, say, B? Such conditions might help B, but they must have the effect of robbing A of his money. A would not be inclined to undertake further foreign risks, while the D-C-B-transaction, being complete, would not provide the basis for further business by other parties.

Yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

28th August, 1923.

CHAPTER V

THE CAPITAL LEVY

EFFECT ON SMALL BUSINESSES

A Typical Trader's Balance Sheet

In November, 1923, on the eve of a General Election, the Capital Levy was in the foreground of political discussion. Mr. W. W. Paine had published, also in the columns of The Times, a series of masterly articles giving the complete economic answer to the Socialist proposal. The following contribution was designed to bring the matter down to the level of practical politics, and while from the Levy point of view it ceases to be of much interest, the picture from life of the real position of an average business man remains worth putting upon record.

Among the several threatening clouds upon the political horizon there is none which is likely to burst with more disastrous effects upon trade and industry than the Capital Levy, still a leading plank of the Labour and Socialist platform.

If it can be shown, as I believe to be possible, that the Capital Levy would simply lead this country into the sort of trouble that is now common in Europe, it is not too much to hope that the Labour Party will expunge the proposal from its programme. When thinking of a Capital Levy, the average voter calls to mind some well-known millionaire, pictures fat bank balances, and

feels, as we all feel, that, after all, no particular calamity would fall upon society if the excesses of riches which we see around us were removed from it. But the Capital Levy is not quite so simple as it appears to be to the average elector, and my present purpose is to examine the proposal from the point of view of the ordinary business man and endeavour to trace its effect not only upon him and his business, but upon all those others who are associated with or dependent upon him. For that purpose I have secured, and I publish on page 27, the balance sheet of an average business man. I have called him William Maker, for it is obvious that I cannot give him his real name. I have omitted the odd pounds and shillings and pence, for there is no virtue in such details. I have very slightly amended the account here and there to make it of general application, and I publish it as a fair sample of the balance sheets of the great mass of middle-class traders, men who in the bulk are responsible for the greater part of the trade of this country.

William Maker is a typical small manufacturer. We will suppose that he is making shirts and ties, some of those sundry items in everyday comfort which mean so little in politics and so much in human well-being. His figures speak for themselves. He does a trade of £100,000 a year, or £2,000 a week. His expenditure may be divided roughly into £500 a week on materials and £1,500 a week on wages and other outgoings. He does not directly employ £1,500 worth of labour : some of

WILLIAM MAKER

BALANCE SHEET

LIABILITIES.		ASSETS.	
	£		£
Trade Creditors ..	14,095	Furniture and fittings ..	1,000
Mortgage on freehold ..	7,000	Stock—	
Bills payable ..	2,000	Finished goods ..	10,000
Liability to Bank on		Materials ..	2,000
customers' bills dis-		Plant and machinery ..	2,500
counted as per contra	5,000	Investments ..	1,000
Vendor's account £20,000		Work in progress ..	2,000
Paid for business,		Sundry debtors ..	17,500
£10,000 cash and		Customers' bills dis-	
£1,000 a year		counted as per contra	5,000
Balance at date ..	8,000	Personal property ..	1,500
Interest at 6 per cent. ..	480	Freehold premises ..	10,000
Balance ..	20,175	Life insurance £10,000	
		Surrender value ..	3,000
		Cash on current account	1,250
	£56,750		£56,750

his wages are paid through others from whom he buys material or partly finished goods. He makes an income of £3,000 a year, which amounts, as will be seen, to 3 per cent. upon his turnover or 30 per cent. upon his original capital of £10,000. His figures show that he is investing £1,000 a year of this income in his business, gradually paying off his debt to the vendor. With the other £2,000 he lives in a London suburb in a house rated at £150 which he holds upon a seven-years' lease. He is the owner of a two-seater motor car, he has two children at boarding school, and in one way and another is absolutely committed to the expenditure of the £2,000 which he draws every year from his business. He is, in fact, a typical member of the *bourgeoisie*. He is probably actuated by that motive of gain to which the Labour Party object so strenuously. But these are questions into which it is not necessary, for my present argument,

for me to enter. I am merely concerned to state quite briefly, the actual facts of the present position so as to discover what would happen in the event of a Capital Levy.

A QUESTION OF CREDIT

Mr. William Maker, as will be seen from his balance sheet, is worth just over £20,000. That is the figure at which his estate would be valued for death duties, and the Capital Levy, as proposed by the Labour Party, would require him to pay £3,000* towards the reduction of the National Debt. How is he to do it? What steps can he take to discharge this liability? How could the State secure from this wealthy £20,000 man its just due of £3,000 for the public good? That is the question to which I invite an answer, having regard to all the facts set out in the balance sheet above.

William Maker, like so many of his class, is trading up to the very limit of his credit. His balance sheet shows that he paid £20,000 for the business, which he owns, but that having only £10,000 of his own he was able to secure the business for half cash and half in annual instalments of £1,000, the vendor's risk in this connection being covered by a life insurance policy

* The actual figures on an estate of £20,000 given in the Labour Party's schedule would be £2,800. It will be noticed, however, that Mr. Maker takes no account in his balance-sheet for the goodwill of his business, which would probably be valued at £10,000, thus making the demand upon him for Capital Levy much more than the £3,000 suggested.

on Mr. William Maker, which is duly entered in his account. Mr. Maker, therefore, began his present business career on a £20,000 basis, of which only £10,000 was cash, thus succeeding, as so many others do, in making his money go as far as possible. It will be noticed that he is taking all the credit that he can and giving all the credit that he must. His cash in hand at the date of his balance sheet was not sufficient to meet his requirements for the following seven days, so that he is not overburdened with loose money. If a liability of £3,000 were added to those which he already has to shoulder, some other of his creditors, the mortgagor of the freehold, or the bank, would undoubtedly demand a reduction in their advances.

He cannot raise the money by selling his furniture and fittings, as they are wanted in the business. He is already raising all he can day by day in the sale of stocks. That money belongs, as the balance sheet shows, to his creditors, and unless they are duly paid he will get no more stocks to carry on his business. Plant and machinery is, of course, not available for this purpose. His investment of £1,000 consists of money which he has advanced to a smaller manufacturer of a special line of goods which is essential to his business. By financing this man he has been able to introduce improvements into his stock lines which are much appreciated by his customers. His only hope of getting back his £1,000 investment is by small annual payments, but he does not

really look for that; his investment was made with a view to the general convenience of the business. At all events, it cannot be liquidated for the purpose of the Capital Levy.

His biggest asset consists in his book debts and bills, which amount, as will be seen, to £22,500. But it will be noticed that he already collects these as rapidly as is humanly possible. Where a customer wants more credit than Mr. Maker is willing to give, he draws a bill on him, and has done so to the extent of £5,000, the whole of that money being borrowed from the bank on the security of these bills. It is therefore obvious that the Capital Levy cannot be squeezed out of the "sundry debtors." His personal property, the next item on the account, is the figure for which his household goods are insured, and it is not suggested even by the Labour Party that he should part with these in order to pay the Levy. The freehold premises, it will be noticed, are mortgaged up to the hilt, and no financier would be willing to put up another sixpence on their account. Mr. Maker has been fortunate in securing a mortgage rather above the two-thirds limit which is generally imposed. The life insurance, as previously mentioned, is held by the vendor as security for debt and cannot, therefore, be made to produce the Capital Levy.

There is, in fact, no way on the figures in which Mr. Maker can produce £3,000 to the order of the tax-collector.

This balance sheet may be in the nature of an

eye-opener to some of those who are so ready to discuss the finances of the wealthy. Here is a man who is truly worth £20,000, and who, yet, has not in hand enough cash to meet the requirements of the next seven days, and is living from hand to mouth in a condition of financial stringency. But—and I speak from a very wide experience of the trading class as a whole—Mr. Maker's position is really typical. It is a mistake to suppose that commerce and industry are carried on by big corporations and millionaires. These people get all the limelight, but they represent only a fraction of the total of British commerce.

Mr. William Maker's position is difficult but perfectly sound. He owes nobody anything in the Socialist sense. There is no "mere money owner striding in front" as Marx would say. As an enterprising man he has made his money go as far as it would, with the result, as shown by his figures, that he is the centre of £100,000 worth of activity per annum, the whole of this huge business resting upon the foundation of an original capital of £10,000. Mr. Maker is merely an ordinary serious energetic man, who thinks it right to trade, and sets about to do as much of it as he can.

If Labour really does rule, and if the Labour Party does what it says it will, Mr. Maker will get a demand for the payment of £3,000. It makes no difference for the purpose of my argument whether the money has to be paid in one sum or in three annual instalments.

THE ONLY WAY

There is one way, and only one way, in which Mr. Maker can discharge his liability, and I set it out in the fullest detail for the benefit of every student of the subject. If Mr. Maker will himself undertake part of the duties which would normally fall to his executors, he can pay the £3,000, always assuming, and this is a point to which I will return presently, that everybody else is not trying to do the same thing at the same time.

I publish below a revised balance sheet in which I have shown the results if William Maker were to halve his trade.

WILLIAM MAKER HALVES HIS TRADE
BALANCE SHEET

LIABILITIES.		ASSETS.	
	£		£
Trade Creditors ..	7,047	Furniture and fittings ..	1,000
Mortgage on freehold ..	7,000	Stock—	
Bills payable ..	1,000	Finished goods ..	5,000
Liability to Bank on		Materials ..	1,000
customers' bills dis-		Plant and machinery ..	2,500
counted as per contra	2,500	Investments ..	1,000
Vendor's account £20,000		Work in progress ..	1,000
Paid for business,		Sundry debtors ..	8,750
£10,000 cash and		Customers' bills dis-	
£1,000 a year ..		counted as per contra	2,500
Balance at date ..	8,000	Personal property ..	1,500
Interest at 6 per cent. ..	480	Freehold premises ..	10,000
Balance	20,175	Life insurance £10,000	
		Surrender value ..	3,000
		Cash on current account	8,952
	£46,202		£46,202

I have divided in two all those items on both sides of the account which refer to trading purchases and sales, and produced the result which would develop if Mr. Maker determined from a given date to do exactly half the trade that he is

now doing. The account speaks for itself. Mr. Maker's credit balance or capital value would, of course, remain at £20,000, the figure upon which he is to be levied. But instead of his wealth being in stock and book debts, a much larger proportion of it would be in cash, and he would have the available funds out of which to pay the levy.

This second balance sheet leads to quite a number of interesting reflections. It shows, for instance, that William Maker could relieve himself of his chronic anxiety in the matter of cash by doing a much smaller business. At present every asset he possesses is only a margin, and he would be in a much safer position if he did not strain his credit to the extent that he is now doing. His income would, of course, be less, unless he were able to get larger profits on the smaller business, but he would be running far less risk.

HALVING THE STAFF

But let there be no misunderstanding as to what this really means. To pay the Capital Levy William Maker would not be able to reduce his business all at once. He would have to do it by degrees. He could not, for instance, cut his stock in half. What he would do would be to decline to buy for some months and thus throw all his suppliers out of work. With half the business he would, of course, require half the staff, and his wages as well as purchases would have to be considerably reduced. He would, during the transitional period, be a seller and not a buyer,

and could not, in fact, afford to buy from anybody. Sooner or later he would have to move into smaller premises, and must therefore sell his freehold or find a tenant for half of it, in either case weakening the property market and throwing builders out of work. He would, of course, have to reduce his personal expenditure, and that would mean moving into a smaller house and selling off his motor car, and these are the smallest results of his endeavour to raise the amount of the Capital Levy.

I assume, and this is, of course, the fatal weakness of the whole argument, that William Maker is the only man in a similar position trying to raise the amount of his Capital Levy. In fact, of course, everybody else would be doing the same thing at the same time, and it is certain that William Maker would be unable to make the sales necessary to reduce his stock, because other people would be declining, just as he is declining, to buy. The result of his action, coupled with similar action by others like him, would be to cause a severe panic in his market, and employment and values and everything else upon which the general security depends would vanish and collapse.

If the Labour Party cares to argue that William Maker is no good to society and that we should be better without this class of person, then the Capital Levy is the best way to enforce that argument; but it is important that the voter should know exactly what is meant by a Capital Levy and should not be allowed to go to the poll under the impression that the National Debt

could be reduced this way or that anything but disaster can come from the proposal.

The credit system is developed in this country to an extent unknown elsewhere, and the results of tampering with it would be proportionately greater than those which we have seen on the Continent. The Capital Levy, or even the serious threat of it, in Great Britain would cause a collapse with resultant suffering and disaster unparelled even in the gloomy records of the last few years.

16th November, 1923.

CHAPTER VI

UNEMPLOYMENT

THE FOUR CHIEF CAUSES

The scourge of unemployment remains with us and will so continue until we remove its causes. I ventured more than three years ago to state the chief reasons which promote unemployment. The position is the same to-day and my view as to the causes has not altered, but has, if possible, been strengthened by the failure of every "remedy" applied in the meantime to alleviate, to the smallest extent, the horrors of the disease.

To the Editor of *The Times*.

SIR,—While the political situation is busy, as it were, sorting itself out, the public could, with great advantage, turn its thoughts to the question of unemployment, free from the complications introduced into the discussion by the electoral position or party aspirations. If all our foreign markets were restored and all our war debt paid, and we were suddenly put back to the 1913 position, we should still have a vast army of unemployed, for these much-advertised troubles cannot, I believe, account for more than half of the number of workers who are to-day without work.

There are, in my view, four principal causes of unemployment, each of which is of far greater importance than any of those which are usually

mentioned in public discussion. The first and most potent is the perverted mentality, not only of the workers, but of the nation as a whole, which has almost ceased to think of the consumer. We talk of a "job" as if it were an end in itself; we think of it merely as a means of providing for the needs of the worker, and we seldom pause to consider the aim of the "job" or what is its real purpose. The performance of a piece of work by a worker is only of any service to him if others will also perform the work that he requires on terms that are agreeable to him. If only we could all get back to the habit of thinking of the customer instead of ourselves, we should re-establish that fundamental basis of service which modern Socialistic thought and habit has well nigh destroyed.

This brings me to my second point, and I am fully aware of all its difficulties. The present unemployment crisis is, I believe, incapable of cure so long as we insist on clinging to all those restrictions and limitations with which during the last twenty years we have surrounded industrial and commercial activity. Limitation of production pushes up prices for the ever diminishing few who can afford to pay, but it inflicts a cruel punishment on the many, whether consumers or workers, who are thus robbed either of comforts or work. The worker who, having a piece of work to do, makes it last twice as long as is necessary does appear to be securing to himself wages that he would not otherwise secure. But he overlooks the fact that under such conditions he is only called upon to

perform work which must be done, and that he drives out of the market all that other work which his fellows would be glad to have on more reasonable terms.

It can be argued that limitation is actually keeping wages down, for if a given percentage were added both to wages and to output, other charges would be proportionately lighter, prices would come down, markets widen, and all would benefit.

Demarcation, another form of limitation, is a fruitful source of unemployment. There are forty millions of us who day by day would be glad to have some little extra or some little comfort if some other fellow were willing to provide it on appropriate terms, but when that little trifle involves the employment not of one worker but of three or four, the comfort has to be abandoned. The simple life obsession, a fruitful source of unemployment, is the direct product of limitation and demarcation.

The third big cause of the unemployment trouble is to be found in what I may describe as the pretensions of the political parties. When an uninformed labourer is confronted at every street corner with a placard which says, "Vote for George and Work for All," is it any wonder that he, in his innocence, should decide to "leave it to George?" We have reached a stage in which quite half our people are under the totally false impression that it is the duty of somebody else to provide them with work or maintenance. However tempting

this idea may be, it is high time that we exposed and abandoned it. The most powerful and wealthy of Governments can do no more, under the most favourable conditions, than ease the hardships of some small minority, which may at any one time be in temporary difficulties. To claim more than this is to deceive. That deception has been too widely practised of late and the false feeling of comfort derived from it is manufacturing unemployment wholesale.

My fourth point—and here, again, I am on unpopular ground—is high taxation. Theoretically money in the hands of the State can employ labour as well as money in private hands, but in practice it is shown to be less effective. Private money circulates and turns over quickly ; public funds move slowly, and the consequent loss of time and turnover is largely paid by the workers, who wait for the slower process. The taxation of any income depletes the wages fund and creates unemployment, but the heavy taxation of big incomes, popular as it may be, hits the labour market worst of all.

It is on the men of great wealth that all communities rely to put in motion the machinery of trade and commerce. Whatever may be said or thought about great accumulations of riches, it cannot be denied that they possess the power to promote employment on a big and effective scale. Punitive taxation of such wealth, for which much theory can be advanced, has the undoubted practical effect of reducing the most important

power on which we have hitherto relied for our industrial development.

There is nothing new, and certainly nothing popular, in any of these four points ; not one of them possesses any great vote-catching merit ; but I am bold enough to affirm that they indicate the true causes of the bulk of our unemployment trouble.

The general acceptance of these ideas would not suddenly or immediately put all our people into work, but if accepted the trouble would quickly begin to diminish in size, and in very little time would assume such small proportions as to be capable of responding to Governmental action—now not only futile, but actually dangerous.

ERNEST J. P. BENN.

Pontresina, 9th January, 1924.

CHAPTER VII

THE NEXT RENT BILL

Every Session of Parliament, for some years after the War, brought at least one fresh housing bill to light ; in fact the favourite occupation of legislators during that period may be said to have been the devising of amendments to their previous blunders in this matter.

To the Editor of *The Times*.

SIR,—Would it not be an advantage if the next Rent Bill were numbered? I understand that Imperial Parliament in its wisdom has put on the Statute Book up to date 390 Acts providing for the housing of the working classes. If my figure is right—it can easily be checked—the new Bill will be No. 391. It is surely due to our politicians that the public should realize the strenuous and consistent efforts which they have always made to rid us of slums and provide us with homes. Bill No. 391 might have the double effect of impressing us with the measure of the efforts of Parliament, while, at the same time, leading us to wonder whether Parliament is, after all, the proper agency through which to secure houses.

I am, Sir, yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

8th April, 1924.

CHAPTER VIII

LOST HOUSES

POLITICS INSTEAD OF ENTERPRISE

A Business Moral

The reader will hear more about houses later on, when he sees how, in January, 1926, I stole my friend Mr. Lambert's thunder. Meanwhile, this letter has little to do with houses. It talks of books, but in fact deals with the ordinary processes of buying and selling in any market.

To the Editor of *The Times*.

SIR,—Mr. Lambert's letter in *The Times* of the 14th reduces the housing problem to its simplest terms and brings us to what may surely be the turning-point in this vital and troublesome discussion. He shows that the numbers engaged in the building trade are steadily diminishing. He brings out the most astounding of modern economic phenomena, the ever-growing need for houses coupled with a steadily diminishing supply of house-builders. I venture to assert that no such remarkable situation has ever before arisen in industrial and economic experience, and I believe Mr. Lambert to be entirely right in attributing this position to the attempt to use politicians instead of builders as a source of supply for houses.

The housing question is enveloped in such impenetrable political fog that its discussion is

beset with enormous difficulties. I tried an experiment the other day with a working-class audience, an experiment on somewhat original lines, which was successful enough for me to offer it to other readers of *The Times* who are as anxious as I am to find a way out of the present impasse. I proposed to my hearers that we should forget about houses and talk about something else—say, books. I chose books because, as a publisher, I know something about them, and I proceeded to analyse my position as a maker and seller of books in the following way.

Working under a system of private enterprise—capitalism, wage slavery, call it what you will—I am forced to come out into the market, to raise my hat to my customer, to inquire after his health, and to express the hope that he will be good enough to favour me with his esteemed commands. I have to explain to him the qualities of my books, submit to his criticism, and through much tribulation secure his orders. Coming back to my office I am faced with a small host of suppliers of all the many things which go to make a book, and, chastened after my interview with a customer, I have to press upon them the need for economy, speed, and efficiency. I have to check at every turn the natural desire of these people to relieve themselves in hundreds of ways of the exigencies, many of them irksome and unpleasant, but inseparable from the satisfaction of my customer.

Now let us, if you please, establish a Ministry of Literature. We will argue that the development

of the best type of citizenship is impossible without the largest possible provision of books. We will agree that the people must have books. We will ask them to vote for books, and each of the many political parties will offer better and better books. What would happen? Without any capitalist conspiracy, without any trusts or combines, without any trade unions—in fact, without any of those extraneous forces which are supposed to affect the housing situation—the mentality of everybody associated with the making of books would undergo a complete transformation. Instead of taking off my hat to my customer, I should find him standing in a queue with the proper chit giving him some supposed right to the book, which I should be unable to produce. I should evolve costing systems, I should argue about the rights of myself and my associates. Every derelict scribbler, now engaged in collecting rejected manuscript, would become a public servant, demanding maintenance at the public expense. The end of it all would be no books.

That is, I believe, the sort of dilemma into which we have allowed ourselves to drift in this matter of houses. Can anyone deny that if the housing market had been as free as the market in books or newspapers, if the Statute-book had not been encumbered with the 390 Acts of Parliament which provide for the housing of the working-classes, if the enterprise which had been devoted to the making of books and newspapers had been turned on to houses, we would now be embarrassed with

the choice of three parlours in which to sit, and a different size of bath for every size of baby ?

There is here an economic paradox, the understanding of which will be easy to the next generation blessed with the experience which will come out of our present tribulation. They will understand that the way to get houses is to say, "We don't want a house." They will treat a house as we treat a book or an apple. They will say to the builder, as we say to the bookseller or greengrocer, "Take it away ; it is too dear, we don't like it, we can do better next door," and the result will be, as it has always been in every market in every age, that we shall get an ever-increasing supply of what we want.

We have produced a position in which the buyer of a house says nine shillings a week and the maker of the house says thirty shillings a week—a position which, so long as it continues, is actually destroying potential houses at the rate of hundreds a week. Every day the gap between the need and its satisfaction is getting wider and wider, and it will continue to do so so long as we hug the delusion that houses can be built with votes.

Yours etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

22nd April, 1924.

CHAPTER IX

PARTY ACTIVITY

Political Action in the industrial sphere is from my point of view generally bad, but there is one worse thing—political uncertainty. In matters of government, as in matters of currency, the condition most to be desired is stability.

In September, 1924, I took the view that having a Government in office, but without power, we had nearly approached the ideal condition and I would have been glad to see that state of things continue. Mr. MacDonald robbed us of that blessing, and paid for his folly, as I ventured to predict.

To the Editor of *The Times*.

SIR,—With the meeting of Parliament at the end of the month the newspapers are already developing political crises, and every day sees some prophet announcing his fancy in the matter of the date of the next General Election.

May I enter an earnest plea for no election? Last November we went to the trouble of electing a Parliament, and for once we succeeded in choosing a set of representatives who really do represent us. That may not be much to our credit or to theirs, but the fact remains that the present Parliament has been less subject to criticism than any in recent history on the ground of its unrepresentative character. Every party, no doubt, imagines that it would do better at a

new election, but there is no suggestion that our present M.P.'s have lost touch with us or are out of sympathy with public opinion as a whole.

Nevertheless, just as we are starting on a new winter's trade, with some small hope of getting a little nearer to normal working habits, we are threatened again with the upheaval of a General Election, the third in three years. Commercial travellers will for months be defeated with the familiar and conclusive formula, "After the election," and business will be kept at that minimum which is all that is ever done with the cloud of a political upheaval hanging overhead. Other nations—all making more progress than ourselves—are free from this devastating risk. Could not we, the voters, find some way of making it known that we elected a Parliament last November for five years, and that we expect it to function for that period? One fact at least is certain and is worth emphasizing, that any Prime Minister of any Party who dissolves this Parliament until there is overwhelming evidence that the country wants a change will divest himself of the more responsible sections of his supporters.

Yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

11th September, 1924.

CHAPTER X

WHITLEY COUNCILS

One of the most serious and most promising attempts in recent years to solve the eternal problem of employers and employed was that made by the committee over which the present Speaker of the House of Commons presided in 1916. The Whitley Report has not yet found favour with the great industries, and its misapplication in minor ways bids fair to rob it of the confidence of the public. Several trades, notably Printing and Pottery, have developed under the cloak of the Report a species of combine of labour and capital against the consumer. But the greatest blow to "Whitleyism" has been struck by the Civil Service, which surely is not an industry and to which the Report never referred and can never really apply. It would be interesting to know how many bureaucrats we are now paying for no other service than attending to the paying of themselves and their colleagues.

To the Editor of *The Times*.

SIR,—I venture to hope that the Whitley Council revolt reported in your issue of to-day may be the beginning of the end of the unfortunate attempt to apply the principles of the Whitley Report to the public service. The falling off in enthusiasm for the Whitley Council may be dated from the time when the Civil Service was permitted to form a council for the benefit of its members.

As one who was largely interested in this great movement when it first started in 1917, I have always held that the principle of the Joint Standing Industrial Council cannot be applied to the public service. The official Whitley Council is unworkable in practice and impossible in theory. You will remember that the Committee over which Mr. Whitley presided was given the task of devising machinery for bringing together representatives of employers and employed in industry. The admirable machinery which they set up presupposed the existence of a body of employers and a body of employed who were not in the habit of meeting regularly together. It will be obvious that in connection with the public service, whether Imperial or local, the body of employers which is an essential half of any Whitley Council is for practical purposes non-existent.

But there is a further and graver difficulty. A public authority may, as we know from recent experience, be governed by the Labour Party, a party which exists to promote the interests of the employed and which, while in office, has the right to nominate the employing half of a Whitley Council—a totally impossible position.

A still more serious objection concerns the whole spirit and purpose of the Whitley movement. The Councils were not designed primarily to deal with wages and labour conditions. Other machinery exists for that purpose. The hope of the promoters of Whitleyism was, through these Councils, to spread a knowledge of the real needs of industry

in matters other than wages throughout the ranks of both employers and employed. But the needs of the public for public service and the policy which must direct that service are necessarily settled by the public themselves through the electoral machinery which controls the public authority. Official Whitley Councils are therefore reduced to the position of redundant agencies for applying pressure for the raising of official remuneration, and their existence has, in my judgment, very greatly discouraged the adoption of the Whitley Report by industry as a whole.

I am, Sir, yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

29th November, 1924.

CHAPTER XI

BOOKS ON ECONOMICS

No letter included in this volume has aroused more interest than that on Economic Literature. The following contributions mark the time when the Individualist Bookshop began to be a practical possibility. In 1921, when Sir Hugh Bell and others signed the letter which appears first in this collection, we were discussing Individualism as an abstract proposition. It was not until 1925, after The Times gave so generously of its space to the subject, that the bookshop idea emerged as a practical step towards our object. The invitation contained in the following letter was widely accepted and hundreds of replies reached me, quite apart from the shoal of correspondence which I understand descended upon the Editor. There was at least one reference to the subject in every issue of The Times for several weeks.

To the Editor of *The Times*.

SIR,—In view of the mass of literature advocating Socialism, which is within easy reach of the reading public as issued by the Fabian Society and the various bureaux which affect these subversive doctrines, it seems to me strange and a somewhat unfortunate anomaly that books on what those of my way of thinking call sound economics are not equally numerous and available. It has occurred to me to make a list of such works

of this kind as I am acquainted with, and, if readers of *The Times* would send me titles of others known to them, I would then, with your permission, publish in your columns a list of, say, the hundred best books on sound economics.

I purposely omit highly technical works which would appeal only to the scientific student of economics as such, and propose also to rule out writers who put forward schemes of reorganization and change, however Utopian such schemes may sound. My aim is to collect the works of those writers whose object is the defence and explanation of the existing order of things. I append a short list of such books, some of which may, of course, have to be left out in the final selection of the best hundred. There is a great deal talked about the Capitalist System, but all too little known about it. Therefore, to quote an old-fashioned writer, Dunoyer, "*je n'impose rien, je ne propose même rien, j'expose.*"

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

14th March, 1925.

<i>Book</i>	<i>Author</i>	<i>Publisher and Price</i>
<i>Case for Capitalism</i>	Hartley Withers	Eveleigh Nash (2/6)
<i>Common Sense Economics</i>	Mrs. Le Mesurier	John Murray (6/-)
<i>Defence of Liberty</i>	Brett	Fisher Unwin (12/6)
<i>Democracy</i>	W. H. Mallock	Chapman & Hall (6/-)
<i>Democracy and Capital</i>	W. B. Faraday	John Murray (8/-)
<i>Economic Enquiries and Studies</i>	Robert Giffen	Bell (2 vols.) 12/6 each
<i>Economics of Everyday Life</i> ..	T. W. H. Penson	Cambridge University Press (2 vols.) 4/- each
<i>Economics and Ethics</i>	J. A. R. Marriott	Methuen (10/6)
<i>Economics and Syndicalism</i> ..	A. W. Kirkaldy	Cambridge University Press (2/6)
<i>Economic Liberty</i>	Harold Cox	Longmans (7/6)
<i>Economic Outlook</i>	Edwin Cannan	King (5/-)
<i>Economic Sophisms</i>	F. Bastiat	Fisher Unwin (7/6)
<i>Evolution of Industry</i>	D. H. MacGregor	Williams & Norgate (2/6)
<i>Getting Our Living</i>	Fiennes and Pilkington	Bell (1/6)
<i>Hope of the Workers</i>	Austin Hopkinson	Hopkinson (1/-)
<i>Industrial and Commercial Revolutions</i>	Mrs. Lilian Knowles	Routledge (7/6)
<i>Is Trade Unionism Sound?</i> ..	J. H. Bunting	Benn (2/6)
<i>Labour and Profits</i>	Boyd Cable	Jarrolds (1/-)
<i>Lombard Street</i>	Walter Bagehot	Smith Elder (3/6)
<i>Meaning of Money</i>	Hartley Withers	Smith Elder (3/6)
<i>Menace of Socialism</i>	W. W. Paine	Jarrolds (1/-)
<i>My Life and Work</i>	Henry Ford and S. Crowther	Heinemann (6/-)
<i>Nationalization of Industries</i> ..	Lord Emmott	Fisher Unwin (3/6)
<i>Porter's Progress of the Nation</i>	F. W. Hirst	Methuen (21/-)
<i>Sidelights on Industrial Evolution</i>	W. Vaughan Wilkins	Jarrolds (1/-)
<i>Socialism and Its Perils</i>	W. E. Cooper	Eveleigh Nash (2/6)
<i>Supply and Demand</i>	H. D. Henderson	Nisbet (5/-)
<i>Wealth</i>	A. W. Kirkaldy	Methuen (5/-)

TESTS FOR BEST BOOKS

A CRITICAL INQUIRY

A month after the appearance of the foregoing letter, The Times was good enough to give me four columns in which to discuss the question fully. "We published on March 14," said The Times in an introductory note, "a letter from Sir Ernest Benn, seeking the help of our readers in the compilation of a list of the best books on sound economics, or, in other words, the explanation and defence of the existing order of things. Sir Ernest Benn discusses the ensuing correspondence in an article of which we give the first part to-day. The second part, with his final list of books, will be published to-morrow."

The volume of correspondence which has recently appeared in *The Times* in reply to my letter has no more than indicated the widespread interest, indeed concern, which exists on the subject of economic literature. The readers of *The Times* have accepted my invitation to send suggestions to me to a very embarrassing extent and I have been overwhelmed with advice and with books.

Had I been more explicit in my original letter it is probable that some of my correspondents would have hesitated to send many of the suggestions which I have received. The number and variety of these have been sufficient to embrace practically every shade of opinion from the philosophic Radicals to the latest theories of

Protection, including also ethical and moral treatises of many descriptions.

A study of many of the books suggested exposes very clearly the dangers of the present situation. Practically the whole of the electorate is now discussing economic matters with, for practical purposes, almost a complete absence of that knowledge which must be the first essential for any reasoned opinion on such questions and which ought to be within more easy reach ; I mean a clear definition and explanation of the existing order of things. The situation might, indeed, be described as an almost universal determination to overturn or in some way alter or adjust what is called Capitalism, while scarcely anyone bothers to inquire what Capitalism is.

It is no affair of the economic student, as such, to consider whether any or all of these payments—rent, interest, wages, and profits—are right or wrong. It is his business to know how and why they are as they are.

Mrs. H. A. L. Fisher, in this quotation from "Getting and Spending," describes almost exactly the type of writer for which I am searching ; although I think she is wrong in claiming a monopoly of the word "economics" only for those views which we both share. Surely even Lenin was an economist, however bad his economics may have been.

A MUCH-ABUSED WORD

The word "economics" has, for a generation, formed a peg on which to hang a variety of theories

and the tenets of different schools of thought from the militant Prussian reactionary to the militant Bolshevik iconoclast. The word is claimed indiscriminately by all. Its implications, wrapped up in the ancient Greek words of which it is compounded, are to the average mind so vague and indefinite that it forms a kind of spreading chestnut tree beneath which social and political smiths of any and every degree of extravagant opinion find room to ply their craft.

In earlier days, some writers on the management of things concerned with the body politic wrote of them under the heading of political arithmetic, and it is, perhaps, to be regretted that this older and definite nomenclature has fallen into disuse.

Professor Cannan, discussing the duty of the teacher of economics, in "The Economic Outlook," says :—

"The first, or almost the first thing he will do is to try to open the eyes of his pupils to the wonderful way in which the people of the whole civilized world now co-operate in the production of wealth. . . . He will ask them to consider the daily feeding of London. There are, he will point out, six millions of people in and about London, so closely packed together that they cannot grow anything for their own consumption, and yet every morning their food arrives with unfailing regularity, so that all but an infinitesimal fraction of them would be extremely surprised if they did not find their breakfast ready to hand. To prepare it they use coal which has been dug from great depths hundreds of miles away in the Midlands or Durham; in consuming it they eat and drink products which have come from Wiltshire, Jamaica, Dakota, or China with no more thought than an infant consuming its mother's milk. It is clear that there is in existence some machinery, some organization for production, which, in spite of occasional failures here and there, does its work on the whole with extraordinary success."

Mr. J. M. Keynes gives a somewhat similar picture of the economic mechanism of society in the first chapter of his "Economic Consequences of the Peace."

These illustrations will bring out more clearly the intention I had in mind when I wrote my original letter; for, in view of these conditions, I hold that our duty is to search out and define, with a view to the better understanding of them, the laws and forces, the means and processes which have brought so much good to the majority, rather than to concentrate on the unfortunate minority, with the assumption that everything is wrong, and invent new and untried schemes, which may or may not be for the advantage of the minority, but must certainly risk the established good of the majority. The bulk of the literature generally accepted as economic may be said to take the latter course. It is certainly the line taken by all advocates of Socialism. Rather than concentrate on examining the machinery of what is, with a view to developing it and enlarging its scope, these writers dash off into the wilderness of what might be, chasing the mirage of futile desire, and cry for the populace to follow them. Notwithstanding all the assistance I have had from the readers of *The Times*, I cannot find more than a very few books which are not endeavouring to push some entirely new scheme for the so-called betterment of mankind. What is called Capitalism is almost without a literature. Further, the question arises as to where, in the literature for

which we are seeking, shall we draw the line between economics and psychology and ethics. For instance, assuming it to be desirable that all should have meat, are we to allow ourselves to be led away into a discussion of whether the process of killing bullocks is or is not a soul-destroying occupation, and in what proportion ethical considerations should or should not be allowed to weigh ? It is not uncommon to find considerations of this kind bulking large in volumes which set out with the avowed purpose of treating of economics.

VITAL QUESTIONS

The necessity is thus laid upon me to define more exactly the line of economic thought along which it is proposed to lead this inquiry and to outline, as definitely as may be, the kind of book for which I am seeking. With this end in view, I suggest that we ask ourselves some half-dozen questions.

In the first place, does the book suggest the adoption of new schemes or plans rather than endeavour to explain the existing order of things ?

By vetoing works which come under the first category, I automatically exclude the whole literature of Socialism. Whether Socialism is or is not an unmixed blessing, our first duty is to examine with care the present system which Socialism intends to supplant ; and, further, as a matter of common justice, it behoves us to look for an exposition of capitalism by someone who believes in it.

I am unable to catalogue more than a very small list which would stand this test. There are, of course, the technical works of the masters of the science, from Adam Smith to Professor Marshall ; but these are for the most part necessarily outside the scope of our search for popular literature. Professor Cannan has given us a couple of books which are within the intellectual range of the general reader and might be described as semi-technical. These are : " The Economic Outlook " and " Wealth." " Economic Enquiries and Studies," by Sir Robert Giffen, comes within the same class.

" The Evolution of Industry," by Professor Macgregor, brings us a little nearer the popular, and there are quite definitely within the compass of the general reader about half-a-dozen more of an authoritative character. First and foremost of these is Bastiat's " Economic Sophisms." Others are : " The Case for Capitalism," by Hartley Withers ; " Economics of Everyday Life," by Sir W. H. Penson ; and " Common Sense Economics," by Mrs. Le Mesurier.

There are, in addition, a small number of excellent popular little books which, in my judgment, should be read by the million. Among these may be mentioned : " Getting and Spending," by Mrs. H. A. L. Fisher ; " Economics for Beginners," by Miss M. C. Buer ; " The Common Sense of Economic Science," by Edmund Dane ; " Wealth and Work," by G. W. Gough ; " Getting our Living," by Fiennes and Pilkington.

It is interesting to note, and is surely a matter

of good augury, that two of these writers are women. There are, in addition, many writers who give explanations of things as they are, but only to use them as bases for new suggestions. Thus, Mr. D. H. Robertson's "Money"—one of the excellent new series of Cambridge Economic Handbooks, under the editorship of Mr. J. M. Keynes—is a lucid treatise on the function of money, but it is set forth as a foundation on which to build up a case for a controlled currency. The same blemish, for my exclusive purposes, attaches to Mr. St. Loe Strachey's "Economics of the Hour," which leads up to some useful constructive thought on unemployment.

Hilaire Belloc's "Economics for Helen" is a book which has its uses if applied with discretion. Mr. Belloc adds literary fascination to economic technicalities with the facility, but without the knowledge, of a Bastiat. But his work is only helpful in so far as it opens the mind of the general reader to the complications and difficulties of the subject. It is too light and delightful to be considered as an authoritative contribution to knowledge. Mr. Belloc, however, distributes his cynicism with such an even hand between the various schools of thought that on balance he is harmless.

THE INDUSTRIAL ERA

My second test will be the attitude which the book adopts towards the Industrial Revolution. In November, 1883, Sir Robert Giffen, in his

presidential address to the Royal Statistical Society, showed that fifty years of industrial development and economic freedom had produced an unparalleled improvement in the standard of living for the people as a whole. About the same time the first effects of popular education began to awaken the conscience of the people to such questions as the care of infant life and housing, and most of our economic writers have since assumed that the Industrial Revolution was the cause of the bad conditions which prevailed in those days. Does our book, therefore, recognize the great services to the community rendered by what is understood as the Industrial Revolution?

Mrs. Lilian Knowles, in "*Industrial and Commercial Revolutions*," with guarded impartiality, comes to the conclusion that it was good. Mr. W. Vaughan Wilkins, in a recently published pamphlet, "*Sidelights on Industrial Evolution*," says that bad as were the conditions in the early factories, they were infinitely better than those which preceded them. He is the only writer who boldly challenges the commonly accepted theory with regard to this era.

Indeed, judgment appears to have gone against it, as it were, by default. With the exception of Mrs. Knowles and Mr. Wilkins, I know of no one who has attempted a full statement of its case, and it has remained, so to speak, in the position of a man on trial, after the opening speech of the prosecuting counsel.

My next question is—does the book approach

its subject from the point of view of the producer or the consumer ?

Possibly the best general popular economic treatise is Clay's "Economics for the General Reader," yet Professor Clay himself would probably plead guilty to a tendency to look at these questions through the spectacles of the worker. If it were possible for all to consume without working, all would be well ; but merely to aim at work, regardless of consumption, is as uneconomic as an attempt to fill up the sea with sand.

Then, further, we must ask what attitude does our book adopt towards Competition ?

The popular literature of economics fails hopelessly to give due emphasis to the question. Competition in the field of economics is a force of equal importance to gravity in the physical world ; yet it is difficult to find a writer who really makes an effort to analyse and explain the working of Competition. Almost invariably it is regarded as a curse rather than a blessing. One of its leading virtues, that of a market-maker, is seldom even attributed to it, and scarcely anyone inquires what the world would be like if there had never been competition. I can catalogue no popular writer who, in my view, tells the truth, the whole truth and nothing but the truth about Competition.

(To be continued)

13th April, 1925.

A DANGEROUS POSITION

Introducing the conclusion of this discussion, The Times said: "We publish the second part of Sir Ernest Benn's article arising out of his request to our readers on March 14 for help in the compilation of a list of the best books on sound economics, or, in other words, the explanation and defence of the existing order of things. His final list of books will be found at the end of the article."

The common problem, yours, mine, everyone's,
Is not to fancy what were fair in life
Provided it could be, but, finding first
What may be, then find how to make it fair
Up to our means.

If Browning had been a scientific economist instead of a poet, he would, no doubt, have pointed out that the search for what "may be" would be facilitated by a knowledge of "what is." In my previous article I endeavoured to formulate two or three simple tests which could be applied to an economic book in the attempt to discover whether it was helpful from this point of view, and there are still one or two questions which must be mentioned in this connection.

My next point of enquiry is, does the book deal with loss?—a most serious consideration which is very commonly ignored. My suggestion is that a book cannot class itself as economic if it fails to deal with the question of loss. This criterion again, curiously enough, rules out the literature of Socialism, for it is essentially a failing of the Socialist writer that he divides profits and utterly

ignores losses. The numerous books of this class in my possession, including those of Mr. Sidney Webb, are for the most part carefully and copiously indexed, yet nowhere among all these indices does the word "loss" appear: a significant fact. Indeed, it can be charged against almost every book that has been suggested to me that far too little attention is paid to loss, and practically no emphasis is laid on the point that the first function of profit is to balance loss.

Few writers have taken as much notice of the question as Professor Marshall, who, in "Principles of Economics," writes: "The number of those who succeed in business is but a small percentage of the whole. . . . In order . . . to find the average profits of a trade we must not divide the aggregate profits made in it by the number of those who are making them, nor even by that number added to the number who have failed: but from the aggregate profits of the successful we must subtract the aggregate losses of those who have failed, and perhaps disappeared from the trade; and we must then divide the remainder by the sum of the number of those who have succeeded and those who have failed. It is probable that the true gross earning of management, that is, the excess of profits over interest, is not on the average more than half, and in some risky trades not more than a tenth part, of what it appears to be to persons who form their estimate of the profitableness of a trade by observation only of those who have secured its prizes."

TRADE UNIONISM

A further inquiry must be, does the book accept trade unionism without question ? Does it explore the possibilities of a non-unionist state of affairs, or does it take it for granted that the trade union principle is necessarily in the interests of the working man ?

By this I am not suggesting that our book should hold trade unionism to be wrong, but I look for an examination and discussion of its principles. If Trade Union Acts are to be accepted as on a level with the Acts of the Apostles, I urge that the Church itself indulges in higher criticism and rightly subjects these to proper examinations and tests, and if trade unionism is sound, it cannot but be for its good that there should be serious and searching examination of its principles.

Mr. J. H. Bunting is the only man who, to my knowledge, has in recent years ventured upon a scientific examination of the theory of trade unionism. Many writers have attacked trade unions, more object to their practices, others discuss the respective merits of craft or industrial unions, but none except Bunting has examined at all thoroughly the theories involved.

He wrote a somewhat heavy and difficult little book called, " Is Trade Unionism Sound ? " This was printed, in proof, by the Garton Foundation and circulated to its associate members, but was suppressed as too dangerous for publication to the public. I felt it my duty some years ago to republish this very unattractive and abstruse piece

of reasoning by which Bunting arrives at the conclusion that if, instead of standard wages, every man would take the best offered, then wages would rise indefinitely, production would increase enormously, and there would be a surplus instead of a shortage of material wealth.

Bunting may be wrong, but it can be charged against modern economic literature, as a whole, that he is practically alone in the attempt to reason out the theories of combination in labour.

A further test which might be applied to our book on economics occurs to me, and that is the question "How would such a book appeal to a mind not steeped in the complications and intricacies of English politics, to an American, for instance, or a Japanese?" I cannot speak for Japan, but I can, to some extent, speak for America, where W. A. Appleton was disowned some years ago as a Bolshevik by the American Federation of Labour because he supported workmen's compensation; where old-age pensions and health insurance are regarded as dangerous revolutionary proposals; where half the population own their houses and every other family possesses a motor car; where production and efficiency are twin dieties universally worshipped; and where the wealth per head of the population exceeds anything known in the previous experience of the world. Such popular works on economics as America countenances would be considered almost unreadable here—*e.g.*, "The Things that are Cæsar's," by Guy Morrison Walker; "Man to

Man," by John Leitch, while our own writings are for the most part unintelligible to the American.

I am fully conscious that in making these restrictions I am setting myself a task which is on a par with a search for the philosopher's stone. To look for a single book which will conform to each and all of the foregoing canons is admittedly to hunt for a needle in a haystack, and to attempt to find one hundred such books would be madness.

SPECIALIZED BOOKS

The small list given yesterday contains all that I can find to be free from serious criticism on one or other of these grounds. There is, in addition, a further general limitation which must be made and which is the answer to a large number of the readers of *The Times* who have been good enough to write to me. I am dealing only with the structure of society or Economics within the wider meaning of the term, and this of necessity excludes a mass of useful publications concerned with subjects of a more specialized type such as Land, Agriculture, Shipping, and so forth. There are also a number of books on special war problems, which are books on economics but are not within the scope of our inquiry ; these are ruled out on the ground that, to a large extent, they come under the category of current political literature. Such are "The Economic Consequences of the Peace," by J. M. Keynes, and "Labour and Capital After the War," edited by Sir Sydney Chapman, and a most valuable work which has recently been

published by various writers in conjunction, under the title of "Is Unemployment Inevitable?" There will, naturally, be a number of authors who will not be included, and who may feel that their writings are deserving of a place in my list. To these in advance I offer a very earnest apology and plead that my inquiry from its very nature cannot pretend to be complete or exhaustive. All that I can hope to do is to direct public attention to a problem which is worthy of more serious consideration than it has yet received.

To summarize the results of my investigations it may be said that the books which have been sent to me, are very largely not discussions on things that are so much as dissertations on things that might be. It would seem that what is called Economic Literature, judging from the volumes in my possession, might be roughly classified as :—

75 per cent. suggestions for change—Socialism in all its forms.

20 per cent. objections to change—anti-Socialism.

5 per cent. description and analysis of the existing order of things.

The works which I classify as anti-Socialist contain in their subject matter a great deal of information on "what is," as also do the writings of the Socialists. Thus to understand the machinery to which Professor Cannan refers in the quotation I have given from his "Economic Outlook," the student is doomed to the weary task of wading through masses of literature written

with another object. He must either read the special pleadings of the reformers of various schools, or the writings of those who are concerned to show that the reformers are wrong. There is almost no other course open to him.

If one can imagine a science of physiology worked out without any knowledge of anatomy, one gets a rough idea of the plight as I see it of the science of political economy as pursued to-day.

All, therefore, that I can do is to publish a list of good sound books, varying widely in scope, which for the most part would be more correctly described as anti-Socialist works. The whole inquiry discloses a dangerous position. The present generation is growing up without knowledge or instruction regarding the system under which it lives: having its attention continually focussed upon inequalities which are inevitable under any system, and is being urged, with no lamp of understanding within its reach, to embrace doctrines embodying the destruction of all that the past centuries of industrial advancement and development have patiently built up. The following list should at least be useful to the mass of earnest people who are anxious to have something to weigh against the great political effort to upset, destroy or weaken the present structure of society.

This list falls well short of the hundred standard, but even if allowance is made for the many omissions of which I must necessarily be guilty, it demonstrates beyond question how few books we possess which may be classed as sound and

popular works on general economics, and how badly the serious student is handicapped.

THE FINAL LIST

<i>Book</i>	<i>Author</i>	<i>Publisher and Price</i>
<i>Case for Capitalism</i>	Hartley Withers	Eveleigh Nash (2/6)
<i>Common Sense of Economic Science</i>	Edmund Dane	Mills & Boon (5/-)
<i>Common Sense Economics</i>	Mrs. Le Mesurier	John Murray (6/-)
<i>Defence of Liberty</i>	Brett	Fisher Unwin (12/6)
<i>Democracy</i>	W. H. Mallock	Chapman & Hall (6/-)
<i>Democracy and Capital</i>	W. B. Faraday	John Murray (8/-)
<i>Democracy and Labour</i>	F. J. C. Hearnshaw	Macmillan (10/6)
<i>Distribution of Income</i>	Wm. Smart	Macmillan (7/6)
<i>Economic Inquiries and Studies</i>	Robert Giffen	Bell (2 vols.) (12/6 each)
<i>Economic Liberty</i>	Harold Cox	Longmans (7/6)
<i>Economic Organization of England</i>	Wm. Ashley	Longmans (5/-)
<i>Economic Outlook</i>	Edwin Cannan	King (5/-)
<i>Economic Sophisms</i>	F. Bastiat	Fisher Unwin (7/6)
<i>Economics for Beginners</i>	Miss M. C. Buer	Routledge (4/6)
<i>Economics and Ethics</i>	J. A. R. Marriott	Methuen (10/6)
<i>Economics of Everyday Life</i> ..	T. W. H. Penson	Cambridge University Press (2 vols.) (4/- each)
<i>Economics for the General Reader</i>	Henry Clay	Macmillan (4/6)
<i>Economics of the Hour</i>	J. St. Loe Strachey	Hodder & Stroughton (7/6)
<i>Economics of Progress</i>	J. M. Robertson	Fisher Unwin (12/6)
<i>Economics and Syndicalism</i> ..	A. W. Kirkaldy	Cambridge University Press (2/6)
<i>Evolution of Industry</i>	D. H. MacGregor	Williams & Norgate (2/6)
<i>First Principles of Political Economy</i>	Charles Gide	Harrap (1/6)
<i>Getting our Living</i>	Fiennes and Pilkington	Bell (1/6)
<i>Getting and Spending</i>	Mrs. H. A. L. Fisher	Collins (2/6)
<i>Hope of the Workers</i>	Austin Hopkinson	Hopkinson (1/-)
<i>Industrial and Commercial Revolutions</i>	Mrs. L. Knowles	Routledge (7/6)
<i>Introduction to the Study of Prices</i>	W. T. Layton	Macmillan (7/6)
<i>Is Trade Unionism Sound?</i> ..	J. H. Bunting	Benn (2/6)
<i>Is Unemployment Inevitable?</i> ..	Essays by various writers	Macmillan (8/6)
<i>Karl Marx and Modern Socialism</i>	F. R. Salter	Macmillan (6/-)
<i>Labour Policy False and True</i> ..	Lynden Macassey	Thornton Butterworth (7/6)

<i>Book</i>	<i>Author</i>	<i>Publisher and Price</i>
<i>Labour and Profits</i>	Boyd Cable	Jarrollds (1/-)
<i>On Liberty</i>	John Stuart Mill	Dent (2/-)
<i>Man versus the State</i>	Herbert Spencer	Watts (6d.)
<i>Menace of Socialism</i>	W. W. Paine	Jarrollds (1/-)
<i>Money and Money's Work</i>	F. Y. Walters	St. Catherine Press (2/-)
<i>My Life and Work</i>	Henry Ford and S. Crowther	Heinemann (6/-)
<i>Nationalization of Industries</i> ..	Lord Emmott	Fisher Unwin (3/6)
<i>Porter's Progress of the Nation</i>	F. W. Hirst	Metheun (21/-)
<i>Self Help</i>	Samuel Smiles	John Murray (2/6)
<i>Sidelights on Industrial Evolution</i>	W. Vaughan Wilkins	Jarrollds (1/-)
<i>Socialist Movement</i>	A. Shadwell	Phillip Allan (2 vols.) (3/6 each)
<i>State and its Relation to Trade</i> ..	Lord Farrer	Macmillan (4/-)
<i>State Socialism in Practice</i> ..	Archibald Hurd	Philip Allan (3/6)
<i>Supply and Demand</i>	H. D. Henderson	Nisbet (5/-)
<i>Trade Unions</i>	W. A. Appleton	Philip Allan (3/6)
<i>Wealth</i>	Edwin Cannan	King (6/-)
<i>Wealth</i>	A. W. Kirkaldy	Methuen (5/-)
<i>Wealth of Nations</i>	Adam Smith	Dent (2 vols.) (2/- each)
<i>Wealth and Work</i>	G. W. Gough	Geo. Philip (2/6)
<i>What is Capital?</i>	H. A. Jones	Eveleigh Nash (2/6)

14th April, 1925.

In closing the correspondence as far as it concerned the titles of books, The Times printed the following leading article. I am under an obligation to the Editor for permission to reproduce it here.

SIR ERNEST BENN has made a gallant attempt to satisfy the appetite for information about economic literature revealed by the recent correspondence in our columns. The article which we publish this morning indicates the difficulties he has encountered, and they will surprise no one at all conversant with the subject. His original object was to set out a list of books within easy reach of the reading public—that is, of a more or

less popular character—explaining and defending the existing order of things, as an antidote to the numerous publications of a similar character devoted to attacking it. He has received many suggestions, and in the present articles he summarizes the results. His first list of twenty-eight books has been expanded to fifty-one ; but he is evidently still unsatisfied, and can find only a few which really answer his requirements. That may be the fault of his requirements rather than of the writers. A book that is at once popular and yet deals adequately with the question he mentions ; and does so, moreover, uncontroversially, yet serves to answer controversial literature on the other side—such a book is indeed hard to find. Can economics be satisfactorily treated at all in a popular manner, except by way of a slight introduction ? Sir Ernest mentions several little books of this kind, but they cannot, of course, go far in such an extremely intricate and technical subject. Standard text-books, such as Marshall's, and those of his predecessors, are ruled out, as is the whole range of Socialist literature ; but can there be any real grasp of these questions without a pretty thorough knowledge of both ? To write a popular attack on the existing order is easy enough ; anybody can do it. No knowledge either of economics or of facts is necessary ; all that is required is to enumerate the ills that stare us in the face every day and to assert that they are caused by Capitalism, with the corollary that they will all disappear under Socialism. No proof of either

assertion is needed, nor is one forthcoming. It is simply assumed that the existing system is all defects without any merits, and that the one that is to take its place is all merits without any defects. The appeal is not to reason, but to emotion and appetite, which wield a far more powerful influence over most people.

The great bulk of Socialist propaganda is of this kind, and it has an obvious advantage over a reasoned examination of the facts such as Sir Ernest Benn desires to find. It demands no mental effort, whereas to master the facts, and the underlying theories or generalizations that explain the facts, demands very serious study. To expound them in a short and easy handbook is impossible. Learners may begin with some light introduction to the study, and books of that kind are becoming plentiful; Sir Ernest Benn names several which serve the purpose very well. But the student who stops there will constantly be at a loss in facing current questions. There is, in truth, no short cut to a good grasp of economics, which is what is really needed—not only of general, or “orthodox,” economics, but also of Marxian economics. For you cannot answer a case without knowing what it is. And all this implies a knowledge both of economic history and of the history of economics. Sir Ernest uses a good illustration of the difficulty in his concluding article. He says: “If one can imagine a science of physiology worked out without any knowledge of anatomy, one gets a rough idea of the plight,

as I see it, of the science of political economy as it is pursued to-day." If the words "for popular purposes" are added, his comparison hits the mark. Attempts are indeed made to teach physiology in schools, but it can be nothing but a vague smattering unless based on a good knowledge of anatomy, which is not to be gained without a laborious and specialized study. And anatomy is less difficult than economics.

No one would wish to discourage seekers after knowledge; but they should clearly understand what it is they want to know, and then they can make their choice with a definite object in view. Sir Ernest Benn's list is of a miscellaneous character, and gives plenty of choice. It is, in fact, too miscellaneous and gives too much choice as it stands. Readers may wander aimlessly about in it without getting what they want. More guidance is needed and might be given by classification into, say: (1) economics—(a) elementary, (b) general, (c) Marxian; (2) historical; (3) special subjects; (4) purely controversial. The elementary and the controversial are, we suspect, what most readers want.

This is an age of snippets and "outlines" and of controversy, and the study of economics, which has been pushed into sudden popularity, is subject to the general rule. A growing number of people want to know "all about economics," and are willing to spend an hour or two now and then in picking it up. They are well catered for in these days, and can easily acquire a general notion of the science and familiarity with some of the

principal terms. If that is all they want or have time to acquire, well and good ; it is something, though they will soon find, if they become interested, that it is not enough, and then they can go on to something fuller. The controversialists are probably still more numerous. Every one who lectures on these subjects to-day, and invites questions from the class, finds that nine out of ten, no matter how carefully he has stuck to the straight and narrow path of pure exposition, have controversial matter in their heads and want answers to controversial questions. There are plenty of books in the list to serve their needs. The more serious students will look to general economics and to historical works, and we would advise them to pay attention particularly to the latter, because a knowledge of the historical background is essential to any real grasp of human affairs. We could wish there were more historical works in the list. No part of the subject has been so badly sophisticated, particularly in regard to the eighteenth century and the " industrial revolution." Sir Ernest Benn mentions two works by Mrs. Knowles and Mr. Wilkins which tend to correct the stereotyped one-sided accounts. " Porter's Progress of the Nation " is rather expensive, but Sir W. Ashley's " Economic Organization of England," which deals with earlier periods, is a standard work of great value at a moderate price, and in some of the new cheap books—*e.g.*, " Appleton on Trade Unions," and " Shadwell on the Socialist Movement"—the treatment is, we understand, mainly historical.

CHAPTER XII

SOCIALISM AND THE BANKS

CHARGES UNDER PRESENT SYSTEM

“Cheapest of all Services”

Our banking system is attacked from two quarters, by the controllers and the confiscators, both equally dangerous. The former, under Mr. Maynard Keynes, overlook the practical consideration that the power they desire would be held, not by experts, but by demagogues—Mr. Lloyd George or Mr. Cook—whose aims would always be political and never economic. The latter, like Mr. Oswald Mosley, know nothing about banking, but can safely rely on the necessary ignorance of the public to make “The Banks for the People” a good vote-catching slogan.

To the Editor of *The Times*.

SIR,—It might be useful to supplement the interesting information given by Mr. Runciman in his letter in *The Times* to-day, so that if the banks are to be subjected to a devastating political discussion that discussion may start with a few fundamental facts right.

Mr. Runciman has shown how widely is the capital of the banks spread and how small is the average holding of shares. I have been endeavouring to figure out the toll which these “capitalists” take out of the pockets of the

public for the service which they render us in providing banking facilities.

I find that the total clearings of London and provincial banks in 1924 amounted to £41,320,720,000, and that the total amount in money received by shareholders in the same period, less Income Tax, was £10,980,781. It would therefore seem that the proprietors of the banks charged me and others rather less than five shillings for every £1,000 worth of business which they did for us. This calculation assumes that the figure of bankers' clearings correctly represents the whole of the service of the banks, an obviously incorrect assumption. If someone better versed in banking arithmetic than I am were able to assess the real amount of the bankers' trade and relate it to profits received by the proprietors of the banks, the electors might know beforehand what exactly was the value of Mr. Mosley's slogan, "The Banks for the People."

I am not a banker, but a mere customer, and I entertain the view that the banking service which I receive is far and away the cheapest of all the services that are necessary to carry on my business.

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

24th April, 1925.

CHAPTER XIII

THE SOCIALIST TORY

TOO MUCH POLITICS IN BUSINESS

To the Editor of *The Times*.

SIR,—Trade is bad, and competent judges take the view that there is little encouragement to be found in the outlook. In the last few weeks there has settled down upon the business community a dense and heavy gloom and depression; there would seem to be no heart anywhere. Many are the explanations of this state of affairs, but there is one I do not remember to have seen—the Socialist Tory.

For twelve long years the business world has been under the cloud of Socialism. War is, of course, socialistic in essence, and the last Socialism complete in practice: the individual had to suppress himself not only on the battlefield but in every civil activity. Reconstruction schemes, fostered in the spirit of the war, have proved to be nothing but a long succession of Socialist experiments, the individual standing or being pushed aside in the name of the State. All the national capital was necessarily placed, and most of it wasted upon the altar of War, and since 1918 a large slice of the national income has been forcibly seized and all of it wasted upon the altar of Socialism. Temporary wartime ministries with their hordes of officials have been allowed to become permanent burdens upon us, with the inevitable results. As the Ministry of Labour

grows, employment gets less and less, the amount of work being, as is surely now obvious, in inverse ratio to the number of Labour Exchanges. The fatal illness of the mining industry can be dated and its progress traced, by the date of the establishment and the rate of growth of the Ministry of Mines. As the Board of Agriculture has increased its expenditure and its establishment, so the state of the industry has grown steadily worse. Export trade goes down, while Overseas Trade Departments rise up. The story is the same wherever one looks. The more the pensions the less the savings, and so on.

The business man, who, after all, still has something to do with the state of trade, clings to a number of old-fashioned and unpopular notions, among which three may be mentioned:—

- (1) That strict economy in public affairs is the first essential to prosperity.
- (2) That self-help is the only sure and certain remedy for industrial and commercial ills.
- (3) That political action in business matters generally accentuates the evil that it is designed to cure.

Holding these views, the business classes have struggled for more than a decade, bearing the costly burden of Socialism, and sustained only by the hope that the time would come when we would give up form filling and get back to work, when we should have less statistics and more stability and when the individual would once again be allowed to serve his fellows.

One bright gleam of hope, and only one, has

flashed across the vision of the business world in this long period of trial, and it lasted for a few months only, when Mr. Bonar Law talked of tranquillity. A faint glimmer appeared last autumn when we parted with our Socialist Government and things began to get better. Now, however, nobody knows where we stand. Destructive political rubbish in the mouths of those who openly avow their intention to change the structure of society can be measured and valued and dealt with. When, however, Sir Alfred Mond advocates subsidies and Mr. Baldwin gibes at "any-howness" and announces still more ministries, things get serious. Mr. Thomas and Dr. Haden Guest go into the Conservative division lobby, and the business man conjures up visions of larger armies of officials and still more waste. It is pathetic to find that there is not enough wisdom among us to know that a few years of food councils can only reproduce in the realm of food the appalling shortage which political interference has created for us in the matter of houses.

Couple with all this the astounding scandal of a Conservative Budget which totals more than did its Socialist predecessor and standardizes expenditure on a scale that spells bankruptcy, and you have surely a sufficient explanation of the failure of trade to show signs of recovery.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

22nd June, 1925.

CHAPTER XIV

EXPORT COAL TRADE

LORD ABERCONWAY'S SCHEME

Lord Aberconway was one of many people who in June, 1925, were propounding schemes for subsidizing coal. Out of all these suggestions the Government subsidy, the cost of which and the results of which have since been too painfully evident, was evolved.

To the Editor of *The Times*.

SIR,—Lord Aberconway's scheme for the revival of the coal trade furnishes the best and simplest recent illustration of the economic horrors that result from the application of the political mind to commercial problems.

Lord Aberconway proposes that the State should buy his coal at cost, without profit, and that the various customers in Genoa or the River Plate should buy from the State "at the price that they would pay for it." The foreigner is thus to have the advantage of the economic law which tells us that an article is worth what it will fetch, while the British taxpayer is to have the privilege of paying the price that the producer demands, the difference being justified, in Lord Aberconway's opinion, by the revival in trade conditions generally that would result from the adoption of this scheme.

Would it not be better to argue from the other end? There can be no doubt whatever as to the beneficial effects upon the trade of Italy or of the

Argentina, of the use of British coal. Why should not the Government of Genoa or the Government of the River Plate have the advantage of buying British coal at the net cost, with the guarantee of the absence of profit, charging the difference between this price and that which they would willingly pay to the taxpayers of those countries, in return for which the trade of both countries would revive : the English consumer, on the other hand, taking the place which Lord Aberconway assigns to the foreigner and being allowed to have his coal at the price that he would willingly pay for it ?

I sympathize with Lord Aberconway, surrounded, as he is, as a coalowner, by politicians and Socialists on every hand, and understand the temptation, which to him and his class must be very strong, to take a hand in the delightful game of inventing new sets of fictitious circumstances and fresh committees as a way out of our coal troubles. Lord Aberconway gives to us an excellent example of the dangerous condition into which we are all drifting, an example which should be more than usually useful because it brings out so clearly the inherent absurdity of all these plans. Stripped bare and reduced to a sentence, the proposal is that the taxpayer shall sell coal to the foreigner at a loss.

Lord Aberconway introduces the scheme with the hopeful statement that the whole trouble is a mere matter of one shilling and sixpence per ton, and, instead of tackling that comparatively simple

problem in a businesslike way, he proposes to add to the political machinery of coal, to foist upon the taxpayer the uneconomic necessity of buying coal at what the colliers are pleased to call net cost—the Addison way of buying houses—and to produce a state of affairs which must in the end be more disastrous than at the beginning.

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

30th June, 1925.

COAL EXPORTS

CASE AGAINST STATE ACTION

To the Editor of *The Times*.

SIR,—To deal with all the many points raised by Lord Aberconway's speech and letter would require more space than I dare ask from your columns, and therefore I refrain from tackling each of the sections of the honeycomb of fallacy in which Lord Aberconway has allowed himself to become involved. But I must respectfully call his attention to two or three main points.

He tells us that the ships which would export his subsidized coal would bring back "wheat or beef on which we live" and "timber necessary to our trading operations." Here are the imports of these commodities for the last three years. Lord

Aberconway will find the figures in the Board of Trade Returns :—

Class I. Group A. Grain and Flour.

1922	..	..	179,453,746 cwt.
1923	..	..	186,000,412 „
1924	..	..	211,605,985 „

Class I. Group C. Beef.

1922	..	..	..	£29,411,917
1923	..	..	..	£31,965,373
1924	..	..	..	£32,017,431

Class II. Group E. Wood and Timber.

1922	..	..	..	£37,321,017
1923	..	..	..	£47,746,000
1924	..	..	..	£51,069,525

The fact is surely that we have plenty of wheat and beef and timber, but are unable to pay for it owing to the unwillingness or inability of the colliery and other trades to provide exports on reasonable terms.

Lord Aberconway's reference to timber is particularly unfortunate, because he cannot be unaware that this commodity has, in fact, been subjected to precisely the same Socialistic treatment which he now proposes to apply to British coal. Trotsky has actually established a Government Committee in Russia which is collecting timber in that unfortunate country on precisely the lines that Lord Aberconway suggests to the British Government, and exporting it to this and other countries through Russian State agencies. One

difficulty here is that the Russian bureaucrat is so inept a timber trader as to cause grave confusion in every market that he enters. Whether his operations are beneficial to the Russian timber trade at home I leave Lord Aberconway to decide. His lordship may also, if he like, argue that the British bureaucrat selling English coal on the River Plate would do it rather better than the Russian bureaucrat selling Russian timber in London. I beg leave to doubt, not because I question the superiority of our bureaucrat to the Russian, but because I deny the ability of any bureaucrat to do any trade.

Lord Aberconway suggests that I should leave the seclusion of Bouverie Street and go to Cardiff. I think it would be better if he came out for a time from the Socialistic atmosphere of coal to breathe the clearer atmosphere of Fleet Street. He might then realize the grave danger to the whole community when men of his position and experience lend themselves, even in a moment of such anxiety as the present, to the ideas and indeed to the language of Mr. Sidney Webb. Has he forgotten the forty-four millions of the taxpayers' money paid during recent years for political coalmining, or would he argue that that money was well spent?

Lord Aberconway tells me that "needs must when the Devil drives"—surely a counsel of despair. I accept the implication that this great drive for State action in everything, for Socialism and Communism everywhere, for the complete and utter suppression of the individual, which is

sweeping over the whole of Europe at the moment, is the work of the Devil.

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

3rd July, 1925.

MINING ROYALTIES

THEIR JUSTIFICATION

To the Editor of *The Times*.

SIR,—Among the many suggestions for solving the coal problem is the proposal to reduce or abolish royalties, and for aught I know something of the kind may figure in the patched-up peace which is the best that can be hoped from the present dispute. But, whatever happens, it would seem to be advisable to put on record one or two very simple points touching the matter of royalties.

It is a vital necessity to the mining industry that new pits should be sunk from time to time. If royalties are abolished or added to the miners' wages, what arrangement is suggested for the next pit that is required? Is it proposed that the miners should be at liberty to sink a shaft at a spot chosen by them without payment to the owner of the land?

The difficulty remains whoever owns the land, and has nothing to do with private ownership. I believe in the nationalization of the land because

it is the supreme monopoly, and in this matter I am with the miners. But if the land were nationalized, royalties would still have to be paid. Otherwise we should have to concede to the farmer the right to free land and the drapers of Regent Street would similarly be entitled to the free use of the Crown lands in that district for the carrying on of their industry.

The case against the private ownership of mining royalties is a very strong one; but the grievance belongs to the public and not to the miners. Even the nationalization of the mines would make no difference, because a State mine would have to pay rent or royalty to the State landlord, just as a municipal tramway pays rates to a municipal treasurer. Tilting at royalties does not, therefore, help the miners' cause: it only confuses the issue.

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

23rd July, 1925.

COAL AND GOLD STANDARD

INDIRECT TAXATION OF WAGES

To the Editor of *The Times*.

SIR,—It is a commonplace that any alteration in currency policy must cause widespread incon-

venience. When you inflate you put up prices, and when you deflate you pull them down; but each process takes time and inflicts hardship in the doing. The drawback to inflation is that its benefits are very short-lived, and to enjoy them thoroughly you must go on inflating until you burst. The workings of deflation are slower and its benefits less obvious but more solid.

For Mr. Keynes, Sir Josiah Stamp, and Sir Alfred Mond to emphasize, as they are doing, the inconveniences of deflation does us no service. They were fully entitled to argue as they now do before the gold standard was restored, but their advice having been ignored, and, I think, rightly ignored, they would render better service if they used their debating skill to help us to get through the minor trials of establishing a sound basis. We are getting on fairly well considering the difficulties of the operation, and we only want a very little faith and courage to enable us to return to full currency health and strength. Then, and then only, can our traders proceed to make their plans to buy and sell, without regard to the views of the particular crank who, for the moment, may be in charge of a "managed" currency.

The nation is in the position that I was in forty-five years ago on a summer day at Southend-on-Sea. A strange old woman gave me an acid drop, which I promptly proceeded to suck. After some minutes my mother, hearing of my courageous indiscretion, directed me to spit it out. I then having done so, my father observed that any

inconvenience likely to be caused by the uncertain condition of the acid drop had already been sucked away, and that I had now discarded the sound, sweet, clean centre which could do me nothing but good.

I am, Sir, yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

10th August, 1925.

CHAPTER XV

THE ABOLITION OF SUBMARINES

DEFENCE OF WEAKER STATES

In November, 1925, Mr. P. G. MacKinnon, who was then Chairman of Lloyds, wrote to The Times to urge the abolition of submarines. In the week following the appearance of his letter, the real practical difficulty of securing an informed public opinion on economic problems was brought very vividly to my attention. In half-a-dozen different places—in the House of Commons, in the City, in a society drawing room and in conversation with a trade union leader—I heard Mr. MacKinnon's suggestion dismissed with a sneer, because, if you please, being an insurer of ships he was actuated, or so it was assumed, by the motive of gain. I do not remember a more complete justification of the warning given by Bastiat in the passage printed at the beginning of these letters. Modern politics are founded upon malice and malice is one of the handmaids of ignorance. The most elementary enquiry will show, of course, that the abolition of the submarine would be a very serious loss to the insurance market, just as the abolition of fire would close every fire insurance office, or the abolition of death would wipe out life insurance. Mr. MacKinnon, following the best of the best traditions of the City Fathers, swept aside the financial interests of the City in the hope of helping humanity, but the politicians block the way.

To the Editor of *The Times*.

SIR,—Can we not kill two birds with one stone, and abolish not only submarines, but also the committee habit? If submarines are wrong, is it necessary to wait for others to see the truth before we ourselves can act upon it? Whitehall will be glad enough to discuss the matter for years, and will appoint more bureaucrats to assist it with the weary process, but nothing can happen that way.

Mr. MacKinnon, it seems to me, has given us an opportunity for a return to that individuality and courage which was once our property and the world's greatest asset. If we abandoned submarines for the simple and only reason that they are wrong we might help the world back to the old idea that right and wrong are things which do not depend upon conferences or even on agreements. We could, as usual, strengthen our moral sense with the knowledge of material advantage, an old-fashioned mixture which is no less good because a modern world affects to sneer at it.

Our best naval policy is to be found in defence against submarines, and we could concentrate on that with more success if we had none of them.

At all events, could not Great Britain act just for once as if she were a Leader? The force of example is still the greatest thing in the world.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

17th November, 1925.

CHAPTER XVI

RESTRAINT OF TRADE

If trade unions are allowed to monopolise and restrict the supply of labour and its output, it follows that trade associations must also be allowed to pursue the same policy. When both of the parties to industry have thus eliminated competition between themselves and between one another, it follows that we must allow them to restrict the services of the foreigner by means of tariffs. Thus, and thus only, can we reach the Socialist ideal of wages without work. It may, however, be just as well that we should all play the same silly game, all at once, and thus learn quickly how stupid it is.

To the Editor of *The Times*.

SIR,—I have before me the minutes of a meeting of a small trade association. The members of this organization agree to act together in certain matters, among them being the support of trade exhibitions. At the meeting in question seven different exhibitions were considered. On the first it was unanimously agreed that “members be recommended not to exhibit.” On the second a resolution was passed with one dissentient that “members do not attend.” In the third case members were left free to exercise their own discretion. In two more cases further reports were awaited, and both the remaining suggestions were turned down. Of seven schemes, six were in effect killed.

The public is not interested in this particular association or these particular decisions except in so far as they are typical, and I only give them, very reluctantly, as illustrations and in order to raise the following vital question: Can a trade association or a trade union promote trade? Our industries are to-day governed by many thousands of societies, whether of employers or employed, banded together in obedience to the popular clamour for organization. I fear, however, that it must be admitted that these bodies have assumed an attitude which is almost exclusively protective or selfish, and are most of them operating not to promote, but to restrain trade. Rubber restriction is a good illustration of the general tendency, while limitation is the guiding principle of present-day trade unionism.

It may be that we are young at organization and that we have not yet discovered how to use this modern device for progressive ends, and that we shall learn in time how to promote activity through collective machinery. I hope it may be so. But this is certain, and it is a point which should be faced when considering a new spirit in industry—that these bodies on both sides to-day are often acting in restraint of trade, and thus have their full share of responsibility for the unemployment which troubles us so sorely.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

8th December, 1925.

CHAPTER XVII

STEEL HOUSES

BUILDING TRADE'S OPPOSITION

The Public and its Needs

The patience of the public in the matter of houses has always been a mystery to me. No hold-up was ever so barefaced or so complete. The worst sufferers are the working classes and yet they stand solidly behind the building highwaymen and decline to listen to reason.

To the Editor of *The Times*.

SIR,—Mr. Ernest Brown's letter might almost have been written by Mr. Sidney Webb, Mr. Cook, or by Karl Marx himself, and that such a frank confession of the worst of the abuses of syndicalism should be made by the director of the London Master Builders' Association, brings out very clearly the distance we have travelled along the wrong road.

These building people, whether masters (as they call themselves) or men, need to be put in their place and made to understand their duty to the rest of us. Nobody has any desire to upset "agreements which have taken years to establish at great cost," if they are agreements which admit the possibility of providing the houses we require. But Mr. Brown's mind is so full of masters and men that there is no room in it for the public and its needs. After "years of work" and at

"great cost" he appears to have produced a condition of affairs which is highly satisfactory to a small "ring" of masters and men, but which offers no prospect of the houses we want. We have bought a sort of peace in the building industry at the price of the perpetuation of the slums.

The patience of the public in face of this scandal is really amazing. If Mr. Brown and his agreements and monopolies are to stand, then we are confronted with a definite and final limitation to the production of houses. If Parliament voted the whole of the Budget to houses, the money would go straight into the pockets of Mr. Brown and his friends, without any appreciable addition to the housing supply. The housing shortage is not due to the "failure" of capitalism, but to the "triumph" of socialistic monopoly.

Can we not, after all these years of discussion and affliction, have it understood that any obstruction by anybody to the building of any house of any material by any agency is an offence against the community?

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

13th January, 1926.

THE NATION KEPT WAITING

FREEDOM FOR BUILDING

To the Editor of *The Times*.

SIR,—I owe an apology to Mr. Ernest J. Brown, whom, in his *rôle* as champion of the builders' ring, I failed to recognize as an old personal friend. I am also sorry that he should regard my letter as vindictive because I ventured to put the case against his trade with some directness and emphasis. But in his reply he ignores my argument.

My charge is that the building trade is a ring which is holding the nation homeless to serve its own selfish ends. I repeat that the patience of the public in face of this scandal is amazing and that unless the people are roused to an understanding of the matter we are doomed to suffer slums in perpetuity.

We have had too much politics and too little arithmetic in this housing question. The Ministry of Labour tells me that the numbers of bricklayers insured with them in July, 1923, 1924 and 1925, were 56,260, 56,530 and 64,260 respectively. For the same dates the numbers of plasterers were 15,760, 15,860 and 17,490. Masons and others follow much the same proportions. The official *Labour Gazette* says: "The number of insured skilled workpeople in building trades has varied only slightly between 1922 and 1925." Mr. Brown will no doubt correct me if I am wrong in thinking that bricklayers and plasterers are pivotal men in

his industry, and if it would be unfair to assume that the productive capacity of the building trade can be gauged roughly by the numbers of such men. It seems to me that the amount of building done in 1924 must have been the same as in 1923, and that 1925 was $12\frac{1}{2}$ per cent. better. Nothing else can have happened; the supply cannot exceed the capacity of these men to produce. The price of houses has gone up and down as political pressure has been more or less, but the supply remains almost stationary.

The master builders have made agreements with these bricklayers and plasterers and others confirming and strengthening their monopoly, and thus completing the ring that puts a definite limit to the number of houses which can be produced. For Mr. Brown to talk of giving "all the necessary assistance to the Government" or to offer to provide "one thousand houses" if "terms and conditions" are arranged is the most utter rubbish. The limited number of bricklayers with whom he has made agreements will lay just as many bricks as they have always laid, no less and no more, and the number of houses which they will supply will not vary, whatever Governments may do. Dr. Addison doubled the price, Mr. Bonar Law halved it, and Mr. Neville Chamberlain has added £70 per cottage, but none of them has made any real difference to the actual building done.

I am a believer in trade unions, and have given many years to promoting agreements between employers and employed, and I fully appreciate

the value of Mr. Brown's work in this respect in the building trades. He and his plasterers are quite entitled to organize and to state their terms and to get them so long as the public will pay. But it is quite another matter when they try to use their powers to stop other sources of supply. We have been offered wooden houses, concrete houses, and now steel houses, and every time the interests which Mr. Brown represents have blocked the way. These builders are not even good judges of their own interests; they are too short-sighted. All the alternative methods, however vigorously applied, would not cause a single brick less to be laid. In our climate we are never likely to give up the brick house; we only ask permission to live somewhere till Mr. Brown's agreements can deliver the goods.

Freedom is out of fashion. It does not suit politicians or trade unionists or directors of masters' associations. But if I could be free to build, I would empty the slums in a generation.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

16th January, 1926.

To the Editor of *The Times*.

SIR,—Mr. Charles Boot, in his interesting letter, simply strengthens my case and reinforces my arguments. I plead for more arithmetic and less

politics in this building discussion, and Mr. Boot gives me some figures. He says that 160,000 houses were built last year. We have ten million families to house, so that Mr. Boot is apparently prepared to provide one house per family every sixty-two-and-a-half years. That is the capacity of his builders' ring. As population increases the period will expand, and the real capacity to produce houses is probably not more than one per family per century. If we allow that position to remain, two or three things follow:—

- (1) The majority of the slum dwellers must be content to know that their grandchildren may perhaps have somewhere better to live.
- (2) The Addison boxes and the present breeze block makeshifts must suffice to their owners and occupiers for a century.
- (3) All hope of a raising of the general standard of living so far as houses are concerned must be abandoned.

And in face of hard facts like this Mr. Boot asks, "Is it fair that Lord Weir should be permitted" to offer us some chance of a better life?

I note with interest that Mr. Boot, unlike Mr. Ernest Brown, accepts the charge that the building trade is a ring, or at least makes no effort to dispute it.

Before the sophisticated political mind wiped out old-fashioned common sense, we were taught not only the multiplication table, but useful little lessons from old Æsop, one of which told of a dog in a manger. I commend it to Mr. Boot.

I am very proud that Mr. Boot should remind your readers of my early work in the establishment of Whitley Councils. We hoped in those days to organize our industries for better service to the community. The few remnants of that hope are being shattered by the abuse of the Whitley principle as illustrated in building. I plead once more for freedom, the only thing that will give us houses.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

26th January, 1926.

CHAPTER XVIII

THE FOLLIES OF THE FOOD COUNCIL

ARGUMENTS AGAINST MORE LEGISLATION

One of the political "stunts" of 1926 was the agitation for more legislation on the question of food. The movement was inspired from two quarters, first those who disapproved of the abolition of the War-time Ministry of Food, and second a number of energetic inspectors of Weights and Measures, and other officials in search of better jobs. The press, always willing to run a "stunt," reported at length the utterances of these cranks, and the Government, seeing a chance to "do something" (why will Governments always "do something?") and to show how Socialistic and popular a Conservative Government could be, encouraged the agitation. It is to be hoped that the movement will die a natural death, for if the politician should really take a serious interest in food, we shall have the story of Ireland or Coal or Employment or Houses over once again.

To the Editor of *The Times*.

SIR,—The operations of the Food Council have been comparatively harmless so long as they were confined to the promotion of newspaper "stunts"; but now that legislation is suggested it is advisable to raise a few considerations not mentioned in the Report which you publish this morning.

First we are told that the Weights and Measures

Act and the Merchandise Marks Act are ineffective and fail in their purpose. If that is so, and I do not doubt it, why go farther along a road that leads in the wrong direction? It is one of the peculiarities of politics that the failure of political action, which to me is inevitable, always leads to more political action, and therefore to more failure.

Next, surely it cannot be true that "there is agreement as to the necessity of further protection for the consumer." Who agrees? Inspectors of weights and measures anxious to enlarge the numbers of their assistants may perhaps agree. Parliamentary candidates who want platform claptrap may be unanimous. But serious seekers after the public good can surely claim no such singlemindedness. The statement embodies two propositions, both false, first, that producers and traders are as a class dishonest, and, second, that consumers and buyers are as a class a lot of fools.

I do not deny that dishonesty in any class will increase as forms and checks and inspections are multiplied. But spending as I do the whole of my time among the trading classes, I assert without hesitation that there is rather more honesty to be found behind the counter than anywhere else I know. As to the consumers, of whom there are some 40,000,000, how can any officials protect them? If they are made to believe that the Government will see to it, they will become careless in their purchases, relying quite naturally upon official promises. If on the other hand the respon-

sibility is placed upon them, they will get better value than any legislation can offer.

I do not know whether the £100,000,000 which we now spend on education is sufficient to admit of instruction in "bills of parcels" and weights and measures such as was given to my generation for a tenth of the money, but it is a poor compliment to the Board of Education that the Board of Trade should have to provide us with inspectors before we can be sure that two pints go to make a quart. If it is suggested that rings and combines oppress the consumer, I answer that Food Councils and all such devices are the direct creators of these abuses.

When Liberal land officials have made it doubly difficult to produce a little food ; when Socialist limitation has further reduced the output to the minimum ; when Conservative food officials have weighed, checked, and certified it, and when, as must, of course, be added, Sir Philip Cunliffe-Lister has satisfied himself that it is British, there will be mighty little for the rest of us to eat.

Yours faithfully,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

22nd February, 1926.

CHAPTER XIX

AFTER THE STRIKE

THE CONSTITUTIONAL ISSUE

The General Strike has passed out of the realm of practical politics. One of the causes of the folly of May, 1926, was the general ignorance, at least among trade unionists, of our constitutional rights and liberties. It is natural that as the fathers and founders of parliamentary institutions sink more into distant history, we should tend to think less about them. But the evident instability of government should be a sufficient reminder to us of the precious heritage we enjoy and of our duty to it. The first draft of the following letter was sent to The Times on the day the strike began, but the suppression of the press delayed its publication and altered its form.

To the Editor of *The Times*.

SIR,—I do not remember an industrial dispute in which my sympathies have not been with the workers, but I cannot regard the late struggle as an industrial dispute. The strike should bring home to every man and woman in the land what is meant by the British Constitution. Politically, the Briton is in a better position than any other citizen of any other state in the world. There is no system of government which is so truly democratic, or which so faithfully represents the will of the people, as the British system of government. We have always led the whole world in matters of

government, and as we have won each bit of liberty for ourselves, so other nations have profited from our example. If, therefore, we do anything to damage or discredit the democratic system, we do it to the world and not to ourselves alone. How does the British Constitution work? The British political genius is so highly developed that in 1910 we had two General Elections, and in 1922, 1923, and 1924 we held them annually. The Parliamentary machine is so sensitive to the will of the majority of the people that it is very seldom that a Parliament lasts its full legal term. Parliament when elected is supreme. It has power over our lives and our property. There is no limit to its authority. It does not, of course, follow from this that we always get a good government, because even the majority sometimes go wrong, and history alone can judge how far public opinion at any given time was right or wrong. All that even British democracy can give us is majority government.

Now the General Council of the T.U.C. did not like the way the Government handled the coal negotiations, but there was nothing peculiar about that. Many other people did not like the Government method. But the T.U.C. adopted a quite new form of protest and called a General Strike, and in that way opened up the greatest of all constitutional issues. If the General Strike is a legitimate weapon, how often is it to be used and on what questions? Where in fact will it end? I want to avoid any controversial statement in

this simple argument. It may be that the miners were right or wrong. It does not matter. I can, perhaps, say these things better because I am not an admirer of the present Government. Almost the only thing it has done of which I wholly approve was its immediate acceptance of the challenge to British liberty of the General Strike. But, good or bad, it is governing by virtue of the British Constitution, and I must obey it and support and uphold it against a General Strike. The Labour Party was just as much interested to defeat the General Strike as any other political party. The Labour Party is the official Opposition in Parliament, and the Opposition has always had the special duty of guarding the Constitutional liberties of the people. At the next election, whenever it comes, Labour will appeal to the voters to give it sufficient support to form a Government. But that appeal will lose most of its force unless this General Strike blunder is frankly and honestly and freely repudiated. Without such a disavowal the Labour appeal will amount to this: "Give us a majority and we will govern, but if you don't give us a majority we will still govern by the weapon of the General Strike." To such a proposition the free electors of this country could only give one answer. The General Strike was therefore the most deadly blow ever directed to the Labour Party itself.—I am yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

21st May, 1926.

CHAPTER XX

THE COAL DISPUTE

FINANCIAL CONTROL BY AREAS

Analogy of the Railways

Three letters of mine on the subject of the Coal Strike of 1926 appeared in The Times. I attach most importance to the first, dated May 25th, when the strike was still young, for it outlines a plan which the reader will remember was subsequently adopted and which produced the desired result. This disastrous coal strike provided, in point of fact, an interesting illustration of the correctness of the individualist point of view. The disbanded or disorganized or unorganized owners, proved to be far stronger than the men's federation which remained in being to the end.

To the Editor of *The Times*.

SIR,—In considering proposals for a political settlement of the coal dispute it is well to remember that this same problem has been settled by politicians on several previous occasions. I doubt whether any business man really believes that if Mr. Baldwin finds a formula that will enable him to end the present strike the coal problem will be any nearer a permanent solution. Sir Hugh Bell's letter in *The Times* this morning represents a point of view which is not popular, but it is none the less the only view with a firm economic foundation.

Can we not get away from politics and back to coal? Are we not overdoing the organizing business? Is it not possible that we are attempting tasks which are too big for the powers of man? The miners organize on a national basis, and the owners follow their example. Each organization justifies its existence by the existence of the other. Other organizations line up, leading on naturally to the general strike, and presently to the international lock-out. It is the armament question over again. Recent experience only proves once more how preparation for war inevitably leads to war. To organize against a trade union may strengthen, and not weaken, the powers of the union.

There is, of course, a strong case for the organization of labour, although the benefits derived are much exaggerated in the public mind. But the organization of the mineowners can have only two objects: (1) Anti-Socialist, to weaken the Miners' Federation—which I claim it does not do; (2) Socialist, to keep alive a number of worn-out pits—which is uneconomic and therefore not worth doing.

I hesitate to add to the confusion of the present discussion, but it seems essential that someone should say a word for the individualist point of view. I would like to know whether the following plan has ever been considered. Dissolve the mineowners' organization and let each mineowner go back to his own pit and announce the best terms he can offer to his own men. Let owners

and men devote their minds to coal and markets, and forget the brain-racking impossibilities of such Socialist schemes as national agreements. If that were done, half the pits of the country would cheerfully pay at least the wages asked by the men. Many pits would gladly pay more.

It would be, as at present, for the national miners' organization to decide whether or not they would allow these men to work, but local pressure to get back to the pits would be more effective if no owners' organization barred the way. There would then remain a minority of pits unable to pay more than the 1921 wage, and the strike in respect of these would last only so long as the miners were doubtful of the owners' inability to pay. Lastly, there would be the residue of worn-out pits, which would promptly go to their proper place—the bankruptcy court. These arrangements would leave a small percentage of unemployed miners, who could be provided for by the Government at a tithe of the cost of the subsidy. Thus we should resume a natural position.

Yours, etc.,

ERNEST J. P. BENN.

8, BOUVERIE STREET, E.C.4.

25th May, 1926.

UNECONOMIC PITS

Socialism does not always wear a red tie. One of its most distressing manifestations was in the widespread feeling, among people who ought to have known better, that the wealthy pits should keep the poor pits. This folly is only another version of the trade union stupidity that requires a good man to work down to the pace and the level of the inefficient.

To the Editor of *The Times*.

SIR,—Mr. Havelock Wilson fears that if the uneconomic pits were closed the unemployed miners would seek work as firemen in the seafaring industry and thus cause more unemployment there.

I suggest to Mr. Wilson that this sort of argument is the cause of most of the trouble. Each little section is so concerned with its own little interest as to forget the interests of the whole. The universal application of the restrictive selfishness of unions and rings has brought us to a position of obvious absurdity. If one man in a crowd holds a pistol he can probably persuade the rest to adopt his point of view, however selfish; but if, as is the case to-day, we all hold pistols the scheme breaks down. No miner must become a fireman, no engineer must become a builder, one man must not touch brass, while another is forbidden to touch wood. Every trade is a closed ring to every other and every trade is itself divided into little rings, so that these destructive doctrines are applied in detail and in mass.

All this organized inactivity is labelled "economics," a word which is changing its meaning and which the next dictionary will define as "Wages without work and to hell with the consumer." May I suggest to Mr. Wilson another line of argument? There are uneconomic pits and also, he tells us, uneconomic ships. Now suppose the mineowners were to give up their Socialistic habits and submit themselves again to the beneficent effects of competition, suppose the uneconomic pits were left to go bankrupt, and suppose that the mining industry with fewer men and modern pits gave better wages and cheaper coal, ships would then cease to be uneconomic. Mr. Havelock Wilson is far too wise to want to put a limit on the use of ships, and he knows that the world would be a better place if it made far more use of far more ships. But the uneconomic pit for which he, of all people, pleads bars the way.

If Mr. Cook gets his wish and we have still more political interference in the coal trade there will be an ever increasing number of uneconomic pits and also, and as a consequence, an ever increasing number of uneconomic ships.

Yours, etc.,

ERNEST J. P. BENN.

BOUVERIE HOUSE, FLEET STREET, E.C.4.

28th June, 1926.

THE CHURCHES AND THE MINERS

I know of no modern phenomenon that is more distressing or more revolting to right-minded persons, than the garbled mixture of Jesus Christ and Karl Marx which has recently become fashionable with Socialists who want to be respectable, and Christians who want to be popular. Christianity is surely concerned with our personal and voluntary charity towards our neighbour, while Socialism, on the other hand, is the attempt to impose upon our neighbour an impersonal and compulsory charity to us. The two things are as wide apart as the poles. The Bishops' Manifesto supporting the claims of the Miners' Federation caused therefore much pain to many churchmen.

To the Editor of *The Times*.

SIR,—No greater disservice was ever done to the Church, and all that it stands for, than the manifesto which appeared in your columns on Saturday. In the same issue of *The Times* you print the remarkable letter of Sir Hugh Bell, who, out of his sixty years of practical experience, sets down the facts of the coal situation in a way which must be understandable by all. He says, in effect, that two and two make four, and cannot make five.

It is no answer to this to talk of "the injury to the spiritual life of the community." I venture to assert with a full sense of responsibility, that there are not more than a couple of the twenty-four reverend gentlemen who have set their names

to this manifesto who have the slightest knowledge of the practical meaning of the wordy formulæ with which it teems. Mr. Cook shows wisdom in spending his time among his Communistic friends on the Continent while the Churches at home carry on his work of economic destruction.

It would be a disaster if, having paid millions by way of subsidy and many more millions as the cost of the strike, we were to patch up a peace on a $2+2=5$ basis, and thus throw away all our sacrifice and ensure the next crisis. Last summer we gave the miners a handsome subsidy for nine months in order that they might arrange a self-supporting scheme for their industry. They spent the whole of that time, under the leadership of one whose avowed object is to smash up society, chanting the slogan. "Not a penny off, not a minute on." Since then they have been on strike for nearly three months, still repeating the same cry. And yet the Bishops suggest that if we will put them back to work on the April terms (that is, with a subsidy) a national settlement would be "reached within a short defined period, not exceeding four months." That was our hope last August, and it proved ill-founded. All the facts suggest that the next four months, like the last twelve, would be wasted to the refrain, "Not a penny off, not a minute on."

"The temper of mutual trust, forbearance, and good will which should be the note of a Christian society is gravely impaired," say the Bishops.

Agreed ; but by whom ? Certainly not by the taxpayer, whose forbearance has exceeded all previous limits. If every time a Prime Minister declines to subsidize an industry ruined by the Mr. Cook type the Churches are going to pronounce that "such spirit is anti-Christian," the International will not need to abolish religion, they can leave it to the Bishops.

Yours, etc.,

ERNEST J. P. BENN.

BOUVERIE HOUSE, FLEET STREET, E.C.4.

27th June, 1926.

CHAPTER XXI

TRUE LIBERALISM

PEACE, ECONOMY AND FREE TRADE

Action and reaction is so recondite a study that the real effects of vigorous propaganda in one direction or another are often difficult to trace. Whether my intervention in the troubled affairs of the Liberal Party has strengthened the hands of those who think with me or merely driven those who differ further into what I regard as their error, it is too early to say. For the moment it looks as if the socialistic liberalism will triumph, although that may be, and in my view is, the accidental effect of the present peculiar position of Mr. Lloyd George. Having failed to coalesce Liberals and Conservatives against the Socialists, he is now endeavouring to coalesce Liberals and Socialists against the Conservatives. His ability to perform this volte face is partly due to his political genius, but even more to the possession of money of doubtful origin, which, though it failed to buy the Tories, may be more successful in purchasing their opponents. In the heading to the following letter The Times used the words "Free Trade." It will, however, be noticed by reference to the text, that in order to get away from the limited application of those two words, I wrote of "Freedom of Trade," a cause that I would preach as vigorously in respect of home trade, as in connection with imports and exports.

To the Editor of *The Times*.

SIR,—When I read the speeches of some of the many and various leaders of Liberal thought, when I get into touch with the New Manchester School, and particularly when I study the proceedings of the Liberal Summer School, I am driven to ask myself very seriously, “ Am I a Liberal ? ” I am certainly not a Tory, and I am still more certainly not a Socialist. I entertain the belief that if the world were governed aright it might be a very happy and very prosperous place, and I accept the responsibility which attaches to English politics as the working model for the politics of the world. In my view the business of government is to promote a condition of things in which the individual can function to the best advantage. But I accept as true Burke’s judgment that

To provide for us in our necessities is not in the power of Government. It would be a vain presumption in statesmen to think they can do it. The people maintain them, and not they the people.

I am an individualist and I require just as little government as is necessary to rid society of proved abuses. On those lines I believe there is to be found wealth and comfort for all. So that if I am a Liberal and if I represent the true Liberal faith, Mr. Lloyd George, Professor Ramsay Muir, Mr. E. D. Simon, and others of their kind must eventually give up the manufacture and offer for sale of political shams designed to tempt an ignorant electorate with benefits which can never be secured through politics. It would be easy for

those who think like me to leave the Liberal Party ; indeed many such have already done so. But that course, as I propose to show, can only end in the extinction of the Liberal Party itself, and I therefore deem it my duty to remain, as long as I am allowed to do so, and to protest.

Two hundred years ago Montesquieu saw that the danger of the association of individuals in societies and nations was that men are led “ continually to desire the advantages of society without the burdens of it.” In the last quarter of a century the Socialists have exploited to the full this very natural but quite unattainable desire. The whole world has been led to the brink of economic destruction by such specious lies as “ The right to live,” “ Work or maintenance,” “ To each according to his needs.” I admit, of course, that here there is ample room for differences of opinion and that many may quite honestly believe that the State can provide for our material needs. But there exists one great political party whose whole case is based on this belief, and the New Liberals fail to see that there is no room for a second party based on the same false principles. With the Socialists in the market offering “ a shilling for nothing,” the Liberal who sticks up a label offering “ nine-pence for four-pence ” cannot expect to draw custom. Recent by-elections have surely demonstrated the truth of this view. If I believed that the wealth of the community could be increased by the suppression of the individual and the substitution for him of the State I should

not hesitate to join the Socialist Party. It is because I hold that the experiments in that direction already made are entirely responsible for such troubles as we have in matters like mines, housing, and unemployment that I desire to see the Liberal Party purged of this class of folly.

We have passed through a full generation of disastrous political materialism, twenty-five years in which English politics has sunk to the lowest depth, and the only hope that I see is in the revival of the spirit of true Liberalism. If we now possessed a leader who would offer to clean up politics and bring us back to government which is government, and not a device for catching the votes of the ignorant, the Liberal Party would sweep the country. A return to first principles, with a simple programme of aims that are within our reach, could bring enjoyment and happiness to the next generation which the rest of us have failed to secure.

Liberalism could well devote itself to three big, simple things :—(1) Peace, (2) Economy, and (3) Freedom of trade. No other party can offer any one of the three, and without all three happiness and prosperity are impossible. The Tory talks of peace in brass hats and red tabs, and is to-day spending more in England on armaments than any country in the whole world. The Socialist talks of the sort of peace bred of hatred, which evolves the conscientious objector and boasts of the class war. But peace is not a matter of Acts of Parliaments and treaties ; peace is

a state of mind—the Liberal state of mind. Peace involves the ability to see some good in the other fellow, and the Liberal is the only political entity possessing that ability.

Economy should be the strongest plank in the Liberal platform, as it is perhaps the most important. We are pouring in and out of the public purse £3 per family per week. One pound of this is on war account; rather less than another £1 is required for education, justice, and the proper administration of necessary government; while the third £1 is spent in pursuance of the notion that man through the state can escape the burdens and responsibilities of life. My case is that the money so spent ceases to fructify and inflicts general harm. I need not argue about free trade except perhaps to suggest that the term is capable of wider interpretation than is generally given to it, and to remark that in this matter we have a responsibility to the whole world. Sir William Joynson-Hicks and Sir Philip Cunliffe-Lister promote by example a hundred bits of protective destruction abroad for every bit they foist upon us at home, and the whole world suffers. Holding such views as these, I repeat “Am I a Liberal?”

Yours, etc.,

ERNEST J. P. BENN.

BOUVERIE HOUSE, FLEET STREET, E.C.4

26th August, 1926.

THE FUNCTIONS OF THE STATE

CONTROL OF CAPITAL

To the Editor of *The Times*.

SIR,—The mass of correspondence which has reached you and from which you have been good enough to publish a selection, added to the bagful of letters that have been addressed direct to me, together constitute an impressive answer to the suggestion so widely made that the type of Liberalism for which I plead is dead and dying.

The Times has been so generous with its hard-pressed space that I hesitate to trespass further by attempting anything in the nature of a reply, but Professor Ramsay Muir addressed three questions to me, and the absence of an answer might be wrongly construed.

He first of all asks about slums, and suggests that those who think with me are indifferent about this great problem. My answer is that every Government for seventy years has housed the working classes in Acts of Parliament, a complete and sufficient reason why our people are so poorly provided with houses of bricks and mortar.

He next asks, "Is it a 'proved abuse' that the nation's prosperity is impaired by industrial strife?" To which I answer that 10 per cent. of industrial strife is due to industrial causes and 90 per cent. is promoted by the attempt to mix politics with industry, a process which, if I understand the professor aright, he would develop and expand.

Thirdly, Professor Muir is concerned because "two-thirds of the nation's wealth is owned by 2 per cent. of its adult population." This is a piece of special pleading borrowed, like most of the professor's views, from the Socialists, which, as he of course knows, will not bear critical examination. But even were it the fact, I should argue that the said wealth was safer and was doing better work for the community in the hands of people who understood its nature, its functions, and its uses than if it were transferred to committees. Far too large a proportion of the national wealth is already wasted in this way.

Yours, etc.,

ERNEST J. P. BENN.

BOUVERIE HOUSE, FLEET STREET, E.C.4.

4th September, 1926.

"THE NATION'S WEALTH."

DISTRIBUTION OF INCOME

Economics for Liberals

To the Editor of *The Times*.

SIR,—I was bold enough to suggest that Professor Ramsay Muir and those who act with him were engaged in the manufacture of political shams designed to tempt an ignorant electorate.

The Professor in the course of his first reply stated that "two-thirds of the nation's wealth is

owned by two per cent. of its adult population." I then suggested to him that this statement "will not bear critical examination." Nothing daunted, and being too good a politician to bother about critical examinations, he returns to the charge, but slightly varies its terms. In his second letter he talks of "the well-established statistical fact that two-thirds of the country's capital wealth is owned by two per cent. of its adult population." I suspect that in the interval between his two letters the Professor must have come in touch with someone with a smattering of economics. But, however that may be, he must agree that the "nation's wealth" and the "country's capital wealth" are economically two entirely different things. The terms may be interchangeable in the market for political shams, but in economic controversy in the columns of *The Times* a higher standard is expected. When economists talk about distribution of wealth they refer to income. It almost seems as though Mr. Ramsay Muir did not know that! The distribution of property is only relevant in discussions of the welfare of the nation in so far as it affects incomes.

The best discussions of this important question are Professor Bowley's "Division of the Product of Industry," and "The Change in the Distribution of the National Income, 1880-1913." So far as I know his figures have never been challenged. They deal with the pre-war period, but as nobody is likely to suggest that there has been any redistribution in favour of higher incomes since

that time, we can use his figures. He shows that between 5 and 6 per cent. of all income receivers obtained 45 per cent. of the aggregate income. ("Change in the Distribution of the National Income, 1880-1913," pp. 22 and 16.) Here we have a true statement, but even this is entirely misleading to non-statisticians, and I shudder to think what tub-thumping uses the Liberal Socialists may make of it. If used without explanation it suggests a state of affairs which is untrue.

(1) This 45 per cent. includes all incomes (pre-war) of over £160 a year, and the 5 per cent. all income receivers who obtained more than that.

(2) This 45 per cent. includes income from property abroad and ought to be excluded from considerations of distribution of home produced wealth.

(3) This 45 per cent. provides the whole amount of direct taxation and a large part of indirect.

(4) This 45 per cent. provides the fund from which practically the whole of the savings of the community are made.

No one denies that it is desirable to diminish inequalities of income, provided production is not adversely affected, but as Professor Bowley says :

In the majority (of industries) no such increase as would make possible the standard of living now urgently desired, and promised in the election addresses of all the political parties, could have been obtained without wrecking the industry. . . . This statement in its general terms cannot, it is thought, be reasonably denied by any one who has studied the facts. ("Division of the Product of Industry," p. 53.)

Mr. Ramsay Muir's 2 per cent. tag ignores all these considerations and can, I submit, be fairly described as a political sham designed to tempt an ignorant electorate.

Professor Muir's views on housing and industrial unrest are not like mine, "amazing" or "staggering," but merely a careless paraphrase, in platform language, of the stodgy fallacies which Professor Sidney Webb gave us nearly forty years ago. The Socialist Party is founded upon them, and I cannot for the life of me understand why Mr. Muir should think it worth while to inflict them upon the Liberal Party

Yours, etc.,

ERNEST J. P. BENN.

BOUVERIE HOUSE, FLEET STREET, E.C.4.

10th September, 1926.

CHAPTER XXII
THE TEACHING OF ECONOMICS
EXAMPLES FROM CAMBRIDGE
Issues Ignored

Unlike my letters on Liberalism, which filled columns of subsequent issues of The Times with expressions of approval or dissent, the following article failed to promote much printed debate. Professor Pigou rushed in by return of post with an exhibition of temper, which seemed to me to justify the worst of my suspicions, but apart from this the subject did not attract any serious contradiction.

In this age of inquiry and committee and conference, examination and analysis, it is surprising that the teaching of economics should have succeeded to a large extent in escaping criticism. Economics for the people has, thanks to the correspondence columns of *The Times*, become in recent years a matter of widespread interest. But many people who talk and write earnestly on the subject appear to regard economics as a branch of education like arithmetic or chemistry, and seem to think that if only the title "Economics" appeared in every curriculum all would be well.

Economics as a recognised branch of learning is comparatively new, and it is only in recent years that the Universities have been willing to accord it full educational status. There is grave reason for suggesting that economics is in danger

of degenerating as a science through the importation of a veiled political bias, and that suggestion is strengthened by a study of the papers set for the examinations at the end of the last academic year at both the senior Universities.

Economics as taught at present seems to leave students in an attitude of mind which regards the production of wealth as axiomatic and concerns itself almost entirely with its distribution, division, taxation, or confiscation. But the total production of the world has never yet been sufficient to keep the population of the world in decency, that is to provide that all shall live up to the standard recognised at any given time as desirable. There has always been something wanted beyond the available supply. The most careful search, however, through the examination papers for the Economics Tripos set at Cambridge for the Easter Term, 1926, fails to disclose the merest clue which might indicate that the student is expected to realise this disturbing truth. I do not find that the students at Cambridge are given a single opportunity or excuse for expressing any ideas which they may have whereby the production of the world might be increased. Modern economists, if they are to be judged by the examination papers, would seem to regard themselves as accountants and to be concerned only with the analysis and classification and presentation of accomplished facts, and not, as Adam Smith regarded himself, as researchers into the ways by which wealth might be produced and increased.

SOCIALIST ASSUMPTIONS.

The branch of the subject which over-shadows all others in the papers before me is wages, hours, and conditions of labour. It is hardly too much to say that the Universities have been led by the nose by the Socialists, who have drawn them into the one great economic error of the past few generations—looking upon wages as a first and paramount consideration to the exclusion of the study of what is given for the wage.

It may, I suppose, be assumed that the questions in these papers are something in the nature of an index to the students' lectures and reading. Several current political questions are mentioned, such as subsidies, tariffs, and a tax on betting, but I find no mention, even by inference, of the question of limitation of output, ca'canny, demarcation, or the other devices for reducing output and increasing wages. The science of economics as at present taught at Cambridge would appear to ignore the fact that the whole industrial world is at the moment endeavouring to secure prosperity out of scarcity and that limitation is the order of the day. To one engaged, as I am, on the practical side of things it would seem impossible to discuss wealth production and the common well-being without putting this great problem right in the foreground; and yet, such is the skill and ingenuity of the Cambridge examiners, that they have succeeded in framing 154 questions without even so much as a hint that anything in the nature of

limitation of output has ever entered the mind of man.

The word "wages" brings to the mind the spectacle of a bricklayer, a miner, or a dock labourer. But if all the questions are read over again and the conception of a doctor instead of a bricklayer were kept in mind, the Socialist or trade union influence behind them all is brought very clearly to the front. The doctor is subjected to all the inconveniences and enjoys all the advantages of economic law. His wages are the highest the consumer will pay. He knows nothing of national or even district agreements. He charges me £2 2s. for the same service that he gladly renders to my neighbour, an agricultural labourer, for 1s. 6d. Take for example, this question from Oxford:—

Explain and discuss the proposal that wages should vary with family needs,

and make it read:—

Explain and discuss the proposal that doctors' fees should vary with family needs,

and the fundamental error of the whole method of thought of all this modern economics is brought into clear relief. The doctor's fees do in fact vary with family needs, but not the needs of the doctor but of the family of the patient. In other words the consumer settles the price.

SAVING AND CAPITALISM

What do the Universities say about saving? Very little, and that very gingerly. The Com-

munist denies the morality of saving, and the Universities must not put themselves in a position to deny to him the highest educational distinctions. The following three questions, one only in each part of the Tripos, constitute, therefore, the whole of the attention which Cambridge thinks it necessary to give to this vital subject :—

(1) Is it possible for a country to devote too much of its resources to saving?

(2) Show how the amount which it is desirable for an individual to save may vary with the size of his income.

(3) If the people of this country ceased to make any new saving, what effects would you expect to observe (a) on its industries, (b) on its financial institutions?

Saving is connected with what is known as capitalism, and therefore it would seem to be necessary, if it is examined at all, to examine it critically. But I fail to find the same sort of approach to such a question as, for instance, trade unionism. The student is not asked :—

If the people of this country ceased to join trade unions, what effects would you expect to observe (a) on its industries, (b) on its financial institutions?

Much attention is given in all these papers to taxation and public revenues. But just as wages tend to become a whole subject instead of a half, so the income of the State is considered as an accepted necessity, and little thought is asked of the student as to the value which the State gives in exchange for its income. We get questions on taxable capacity, but little emphasis that I can find on public economy. No examiner seems to think it worth while to ask the student whether the State is giving good value for the £3 per week per

family which now goes into the public purse. Public expenditure is apparently sacrosanct. All these examination papers conform to the rule which governs Mr. Sidney Webb's numerous works, in that there are many questions concerning "profits," while the word "loss" does not even appear to be worth printing.

When we come to the questions of the distribution of goods to the consumer, exchange of commodities, selling, advertising, and all the other means of creating and promoting demand and making prosperity, these examination papers take little account of them. Again competition, the prime mover of progress, would appear to be relegated to the limbo of an individualistic past, and I find little evidence in these papers of a critical study of all the modern devices for eliminating the blessings of competition. The 154 questions which constitute the Cambridge Economics Examination papers may be analysed as follows :—

The making of wealth, 16; exchange and selling, 11; competition, 2; saving, 3; profits, 3; losses, nil; rent and interest, 8; tariffs and currency, 27; organization and committees, 10; public finance, taxation, and distribution, 30; wages and hours, 41; unclassified, 3.

I have been driven to this analysis of the Economics Examination papers by conversations with economics students with whom I have come in touch. I have been greatly impressed by the numerous cases I know of well-meaning schoolboys and girls who come down from the University with fixed impressions of commerce and industry

which bear no resemblance to those institutions as I know them. May I humbly suggest what I, a mere business man, would expect to find at an ideal seat of learning that professed to teach economics ?

BUSINESS OF ECONOMISTS.

Starting with Adam Smith's first object, "to provide a plentiful subsistence for the people," our first conclusion would be that the business of industry was to deliver the goods, and that the more goods delivered the more plentiful the subsistence for the people. I should expect to hear that we live by rendering service one to the other, and that we become civilized by giving up direct production wherever we can satisfy our requirements more cheaply by exchange ; that by specializing and exchanging we have gradually risen from very small personal wealth to a condition where the poorest amongst us receives much more than he could produce of his own accord. Political economy should therefore direct its study and research primarily to the means whereby production and exchange could be promoted and increased so that the subsistence of the people might be even more plentiful.

I should, for instance, expect the University to break off now and again from the study of the supertax to discuss housing, and I should expect economics students to know that a strictly limited number of bricklayers and plasterers doing a strictly limited amount of work would produce

a strictly limited number of houses, and that if the Legislature permitted that position to continue it was no use voting money and giving subsidies which, having regard to the fact that the supply was limited and fixed, could only increase the price without rendering any service to anybody. A plentiful subsistence for the people implies somewhere for them to live in comfort, and the science of economics is of no practical use if it neglects to tell us whether an open market and free competition would help us in this important matter.

The ideal seat of learning would be less susceptible to trade union or Socialist influence, and would thus give a good share of its time to an examination of the benefits of machinery. It would require the students to show some knowledge of the relative horse power in this country and elsewhere at different stages of industrial development. I should expect to find economics graduates worried and oppressed by the fact that while in 1880 we led the world in the amount of power per head of population, we were now very badly down the list.

Oxford and Cambridge do appear to give some attention to unemployment, but most of their thoughts seem to be directed to insurance, doles, and other forms of State provision for the trouble after it has occurred. I do not know whether either University has ever taught that unemployment is an unnatural disease bred of unnatural conditions, and that it should disappear if industry could be freed from all the impedimenta with

which it has been encumbered by outside non-industrial powers. The Bunting theory published privately in 1917 by the Garton Foundation, and suppressed because it might give offence to the trade unions, does not appear to be included among the many theories scheduled for the edification of the economics student. Bunting's book may not be a good piece of work, but his main argument would attract more attention if Universities were not, like Parliament and every other public body, afraid of trade unions.

All these questions will begin to solve themselves when the Universities are willing to pay as much respect to the views of the business classes as they now appear to do to those of the politicians and the doctrinaires.

16th November, 1926.

